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Paris, Thursday, December 29, 1994

Paris's Defeat Of Hijackers Is Little Relief From Morass

By Alan Riding
New York Times Service

PARIS - With the pace, violence and denouement of an action movie, the world suddenly became aware of Algeria's civi war this week when four Islamie militants hijacked an Air France airliner, murdered three hostages and then were themselves killed by elite French commandos.

But for France, Algeria's former colonial ruler, this victory over terrorism has hrought ouly temporary solace. Paris knows the war will go on, and whether it likes it or oot, it knows it is a party to the escalating conflict between Islamic militants and Algeria's army-backed govern-

The shadowy Armed Islamie Group was quick to avenge the deaths of its "soldiers" Monday, taking responsibility Wednesday

NEWS ANALYSIS

for the killing Tuesday in Algeria of four Roman Catholic priests, three of them French and one Belgian. With these deaths, 27 French citizens have been killed there in the past 15 months.

At the same time, while Islamie militants charge France with hacking the Algerian government, this week's hijacking has provoked a storm in relations between Paris and Algiers, with French and Algerian authorities accusing each other of manipulating the drama to their own advan-

Yet, once the dust settles from this crisis, France will face the same problem as before: What should be its policy toward the Algerian war?

Because of deep ties to a land where more than 1 million French once lived and because some 800,000 Algerian immigrants live in France today, it cannot opt for a hands-off policy. So, in practice, should it promote negotiations or back the Algerian government's campaign to crush the fundamentalists?

Most experts here say France has al-ready chosen. In December 1991, under a Socialist government, France endorsed Algiers's decision to cancel a second round of parliamentary elections that the broadbased Islamic Salvation Front seemed set to win. With that decision, Islamic militants took up arms.

Since March 1993, Prime Minister Edouard Balladur's conscribitive g ment has continued to provide Algiers with economic and military aid. It has also tried to persuade its European partners to help out, arguing that a fundamentalist Algeria would become a European - as well as a French - problem.

No European country is, of course, as vulnerable as France. It is to France that Algerian journalists, intellectuals and professionals are already fleeing. And it is in France that perhaps hundreds of thou-sands more Algerians would seek refuge if the Islamic Salvation Front were to take

Paris also worries that Islamic fundamentalism could take root here. As a result, it has begun cracking down not only on Algerian extremists who raise money and traffic in arms in France, but also on militants prosclytzing among this country's 3 million Muslims.

In truth, most Algerian and other immigrants here show little sympathy for radi-cal forms of Islam, but Paris worries that children of immigrants, who often feel rejected by French society, are being targeted by militants. This year, it even hanned the wearing of Islamic head

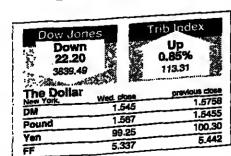
scarves in schools.

This nervousness has led France to attack the United States, Germany and Britain for sheltering Islamic Salvation Front leaders. Washington responded that Paris should promote a dialogue with moderate Islamic groups. "What moderates?" was the angry retort of France's hard-line inte-

rior minister, Charles Pasqua. Yet, after this week's hijacking, there are signs that Paris may be rethinking its policy toward Algeria, not because of any sudden tolerance of Islamic fundamentalism, but because of new awareness that France is paying a high price for backing a government that may not be capable of

winning the war. Many experts in Algerian affairs maintain that while the conflict continues to escalate, neither side is close to defeating the other. And the Algerian economy is in

This week, after the Armed Islamic See ALGERIA, Page 2



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	Andorro9.00 FF Luxembourg 60 L. Fr Antilles11.20 FF Morocco12 Dh Cameroon1.400 CFA Qafor8.00 R/S EgyptE.P. 5000 Réunion11.20 FF Fronce9.00 FF Soudi Arabia9.00 R.
	Fronce



A Chechen woman with her 5-day-old child heading for a bus with other refugees after fleeing Grozny on Wednesday.

Under Fire, Woolsey Quits as CIA Chief Under Fire, Woolsey Quits as CIA Chief There were no major injuries because more thore there were no major injuries because more thore were not major injuries because more thore were not major injuries because more there were no major injuries because more thore were not major injuries because more thore were not major injuries because more there were no major injuries because more there were no major injuries because more there were no major injuries because more the complete of the proposed in the cellar of a stone huilding. Although only a small number of troops have so far entered Grozny, thousands more are oow poised to follow. They have complete the highest hills overlooking the central and it armears the only thing pre-

By Tim Weiner New York Times Service

WASHINGTON - The director of central intelligence, R. James Woolsey Jr., has resigned, the White House announced Wednesday, ending his troubled tenure as the nation's chief of spies.

Mr. Woolsey submitted a letter of resignation to President Bill Clinton on Monday, saying he was tired of the 18-hour days and seven-day weeks his joh demanded. He then left Washington for a Caribbe-

Although the White House said Mr. Clinton did not seek Mr. Woolsey's resignation, relations between the CIA and the Clinton administration began awkwardly and did not improve during the nearly two years he held the job. White House offi-cials gave him a cold shoulder, limiting his access to the president and canceling daily briefings that were traditional under previous administrations.

Mr. Woolsey had been severely criti-cized for his handling of the Aldrich Hazen Ames spy case. Mr. Ames, a former CIA agent, was convicted of passing secrets to the Soviet Union and later Russia.

Mr. Woolsey's relations with Congress were even worse. The chairman of the Senate intelligence committee, Dennis De-Concini, an Arizona Democrat who is retiring, routinely vilified Mr. Woolsey; the two men openly detested one another. He also was unpopular with many senior CIA covert operatives; they made him the tar-

Israeli Sale of Arms Technology to China Irks U.S.

based on the Lavi and will incorporate extensive techno-

logical innovations derived from that project, according

China and Israel already have finished work on a prototype, and production will probably start soon at a

plant in the Sichuan Province city of Chengdu, U.S. officials said. The plane's deployment is seen as a major

step in Beijing's effort to modernize its air force, and

some observers believe it bodes ill for China's long-standing rival, Taiwan.

A U.S. government expert said that the plane would

fit in with a scenario for conflict over Taiwan "10 years from now." "And for someone to help the Chinese build

a production line, a turn-key facility for this aircraft, is

to U.S. government experts on the Chinese military.

get of personal attacks that rose to the level of "character assassination," as a senior agency official said Tuesday.

Mr. Woolsey said as recently as 10 days ago that he would stay on as director.

"I'm an old friend of Jim's, hut I don't think he succeeded in this job," one of Mr. Clinton's most trusted advisers said Wednesday. "He had an opportunity to be a new broom, and instead he was a defender of the status quo."

Mr. Woolsey, a Washington lawyer and an experienced arms-control negotiator, was praised as a first-rate choice when his nomination was confirmed in February

See CIA, Page 2

Russians Escalate **Assault on Grozny**

Fighting Enters a Decisive Phase As Forces Besiege Rebel Capital

By Michael Specter

New York Times Service

GROZNY, Russia — Russian troops, making their fiercest assault yet on the Chechen capital, pushed into Grozny on Wednesday from the east, hringing the fighting in the separatist republic to a decisive phase decisive phase.

Machine guns and small-arms fire could be heard throughout the day from Freedom Square, in front of the oearly deserted Presidential Palace in the center of this city. Russian jets flew dozens of missions
— at least one every 20 minutes — bombarding Chechen forces ringing the capi-

The bombing and artillery barrages oever stopped. The heaviest fighting was in the village of Argun, 15 kilometers (10 miles) east of Grozny, where Chechen spokesmen said dozens of soldiers on each side had died. But there was fighting throughout the region surrounding the capital.

Early Wednesday morning, only hours after President Boris N. Yeltsin promised in a nationally televised address that civilian areas in Grozny would oo longer be the target of bombs, Russian warplanes de-

capital, and it appears the only thing pre-venting them from storming the city is the knowledge that casualties will be heavy because many Chechen soldiers will clearly fight them to the death.

In Moscow, Oleg Lohov, the secretary of the National Security Council, denied that Grozny would be "stormed," but said Russian troops would drive fighters loyal to the Chechen president, Dzhokar Dudayev. from the city "step by step, district by district." It may take a bit longer that way, Mr. Lobov said at a press conference.

Grozny will be freed from illegal armed units, mercenaries and criminals," Mr. Loboy said, echoing the Kremlin's terms for Mr. Dudayev's supporters. "It will not be stormed, but it will be liberated."

The U.S. government's confirmation of Israel's role in

development of the new Chinese plane could create

tensions between the United States and Israel. The joint

work on the plane is the latest military project in which Israel has helped China over the past 15 years.

Although China's impending production of the Lavi-

style fighter has been closely monitored and discussed in

the U.S. intelligence community in recent months, White

House and State Department officials say there has been

big step forward for China, they say, it is based on 1980s-

See LAVI, Page 5

"They can say whatever they want," said

went to bed in peace," said Katya I. Akhmatova, 40, who lives next door to the orphanage. "We thought he would be good to his word. But his word is one big lie. I am a Russian woman and I love Russia. But how can these people kill innocent

women and children and say they are sol-

Magumed Khachkeyev, a Chechen soldier

Russians want to crase the face of this

who is part of the presidential guard, "The

Already, large tracts of the sprawling

city are oearly unrecognizable. For the Chechens, who have attempted to establish their independence since the Soviet Unioo

fell apart in 1991, their capital has become

a rubble-strewo wastelaod. Hospitals.

working on battery-powered generators or

with candles, held many more victims Wednesday than they could handle. The

main Republican hospital was forced to

move to the city's largest bomb shelter

when Russian warplanes blew up its only

"We have oo antihiotics, few bandage

no antiseptic solutions," said Tatiana Ki-

tayev, the chief ourse at the hospital, show-

ing reporters through the makeshift hospital by candlelight. "We can only treat the gravest emergencies."

few people on the streets almost all had tin

pails in their hands, hoping to heat melted

snow or take water from any oearby brook.

Only a week ago the city was filled with eager men carrying assault rifles — the picture now is quite the opposite. All men

who can fight are engaged in hattle. Only the old and feeble are visible oow, foraging

day - after Mr. Yeltsin appeared oo television and suggested that only military

targets would be attacked in the future.

While there may be many military targets

and most of the dozens of apartment

huildings, stores and restaurants that have

been destroyed so far have played no role

last night and for the first time in weeks we

"We heard Yeltsin's speech on the radio

in the city of Grozny, oone are apparent,

Many people here were shocked at the intensity of the renewed assault Wednes-

for food, water and shelter.

in this war.

The city has no running water and those

operating rooms.

Io Moscow, Russian officials denied bombing the orphanage and accused secessionist rebels here of turning their own weapons against the city.

People who were in the orphanage at the time it was bombed described the scream of the jets as they passed overhead and the shocking rattling of the earth as every window in the enormous building was bro-

See RUSSIA, Page 2

Koreans Claim Pilot Admitted oo official diplomatic protest to Israel about it. Some administration officials are said to believe the issue is not of great concern. While the plane represents a

By Andrew Pollack New York Times Service

'Deep Intrusion'

SEOUL — A senior State Department envoy on a hastily arranged mission to North Korea met with little success Wednesday in his quest to win the freedom of a captured American helicopter pilot, U.S. officials said.

Thomas Hubhard, a deputy assistant secretary of state, entered North Korea on Wednesday morning and met for two and a half hours with Foreign Ministry officials in the capital of Pyongyang, the State Department said Wednesday. But the Communist regime apparently

made some harsh demands on the United States and did not seem inclined just yet to release Chief Warrant Officer Bohhy Hall, who was captured after his helicopter strayed into North Korea on Dec. 17.

[North Korea said on Wednesday that Mr. Hall had confessed to intruding deep into its territory on a reconnaissance mission and asked for forgiveness, Reuters reported.

[North Korea's official press agency, KCNA, in a report monitored in London, quoted Mr. Hall as saying io the confession: "I admit that this criminal action is inexcusable and impardonable. However, at home my parents, wife and kids are anxiously waiting for my return to them. ["Our intrusion deep into the territorial

airspace of the Democratic People's Republic of Korea is a grave infringement upon the sovereignty of the DPRK and a flagrant violation of international law," the agency quoted Mr. Hall as saying.

[News agencies said late Wednesday, however, that Mr. Hall had admitted to

"illegally intruding" into North Korea but not to spying.]
Officials said that it was perhaps not

surprising that North Korea maintained a hard line on the first day of negotiations, and that it was still possible a compromise

could reached.

Still, the prospect that Mr. Hall's release might be further delayed is likely to increase pressure in the United States to delay the execution of, or scuttle entirely, the recently signed nuclear agreement between the two countries.

Showing his growing impatience, Presi-See KOREA, Page 2

Kiosk

Mexico Crisis Shakes Dollar

Los Angeles Times Service

WASHINGTON — Seven years ago, in the face of mounting costs, the United States withdrew from an

elaborate project to help build an advanced combat

aircraft for Israel. The idea was scrubbed - or so it

Now, to the consternation of U.S. officials, much of the American know-how and initial planning for the canceled "Lavi" fighter plane are about to be put to use

U.S. government officials have recently concluded

that China and Israel are collaborating to develop and produce an improved fighter for the Chinese Air Force. Comparable to an American F-16, the new plane will be ominous."

Mexico's financial crisis spilled over onto U.S. markets Wednesday as the dollar fell sharply against the Deutsche mark and the Japanese yen.

Currency traders blamed the dollar's

drop on concerns that the peso's weakness would prompt the U.S. Federal Reserve Board to increase its credit line to Mexico, further entwining the U.S. and

But the peso firmed as the new Mexican government allowed short-term interest rates to rise in an effort to defuse

Movements in all financial markets

were exaggerated by the fact that trading was typically light for the week hetween the Christmas and New Year holidays.

Japan Quake Kills 2 and Injures 130

TOKYO (AP) — An earthquake with an estimated magnitude of 7.5 shook northern Japan on Wednesday night, killing at least two people and injuring 130. The quake was centered in the ocean

about 630 kilometers (390 miles) northeast of Tokyo.

Page 6. Book Review



SARAJEVO ANNIVERSARY — A Bosnian battalion marking its second anniversary Wednesday in Sarajevo, which Saturday will have been under siege for 1,000 days. Meanwhile, Bosnian foes did not back a truce. Page 5.

Clinton Is Granted Delay of Sexual-Harassment Trial

Compiled by Our Staff From Dispatches LITTLE ROCK, Arkansas — A federal judge ruled Wednesday that Paula Corbin Jones's sexual-harassment lawsuit against President Bill Clinton will not go to trial

until he is out of office.

However, in a setback for Mr. Clinton, the judge said the taking of sworn state-ments from witnesses and other fact-finding procedures can go forward in the

Ms. Jones, a former Arkansas state employee, has accused Mr. Clinton of making unwanted sexual overtures in a Little Rock hotel in 1991, when he was governor of Arkansas. She sued in May and is seeking \$700,000 in damages. He has denied that the incident took place.

The president, arguing that such law-

suits would interfere with his ability to carry out his dudes, had asked that all proceedings in the case be pot on hold until he leaves office. He argued that he had immunity from such claims while

Judge Susan Webber Wright of U.S. District Court said she found nothing in the constitution that would provide immunity from claims brought against a presi-dent for actions he is alleged to have taken

before assuming office. But noting that Ms. Jones did not file her lawsuit until two days before the statute of limitations had run out, the judge said there was clearly no urgency to the case, and she said she will not allow it to come to trial until Mr. Clinton was out of

Ms. Jones's lawyer said the ruling was a ic sexual act. She said she felt humiliated victory for his client "The salient feature of the case is that

the president is not immune from suit and that discovery will proceed apace," Gilbert Davis said in a broadcast interview. "That's the victory in the case I believe for

"What's important is that we proceed to take his deposition now," Mr. Davis said. Ms. Jones has claimed that while she was at the hotel for a state-sponsored conference, a state trooper serving on Mr. Clinton's security detail summoned her to meet with the governor. While alone with her in a hotel room, she claimed, Mr. Clinton tried to kiss her, reached under her clothing and asked her to perform a specif- case.

and walked out. Mr. Clinton's private attorney, Robert

S. Bennett, said in October that lawyers from both sides had negotiated in May to stave off the lawsuit, but that Ms. Jones's backers were unprepared to accept Mr. Clinton's "adamant denial" of the charges.

At the time, Mr. Davis disputed this version of the events, saying that in May

Mr. Bennett was prepared to authorize a statement saying Mr. Clinton had no recollection of meeting Ms. Jones at the hotel, but did not challenge ber elaim that they met there.

Mr. Davis said that the deal struck between the two sides fell through after White House officials commented on the

U.S. Spares Muslims in Condemning Airliner Hijacking

By Thomas W. Lippman Washington Post Service

WASHINGTON - In denouncing the hijacking of an Air France jetliner by four young

Algerians, the U.S. government has carefully avoided linking the crime to the Muslim religion.

The hijacking was "a grave terrorist crime" for which there can be no justification whatsoever, said the State Department spokesman, Michael McCurry, implicitly rejecting the hijackers' claim to be acting in the name of islam.

His statement on Monday was the most recent manifestation of a sustained effort by President Bill Clinton and his key foreign policy advisers to improve relations between the United States and the Islamie faith, a powerful and sometimes disruptive force in world affairs.

Inspired partly by political considerations and partly by the president's personal religious convictions, the effort is aimed at convincing the world's one billion Muslims that America is not opposed to their faith and at convincing non-Muslim Americans that Islamic doctrine and culture are not hostile to U.S. values.

This message is delivered consistently in policy statements, responses to world events and symbolic gestures such as Mr. Clinton's November visit to a mosque in Indonesia.

As the hijacking statement showed, administration officials—like many scholars of Muslim of Bosnia from Serbian attacks—often don the teachings - differentiate between Islam as a traditional green cloak of Islam, and the rhetoric

its name. Senior officials say they recognize that Americans often associate Islam with terrorism and vigilantism. The stern visage of the late Ayatollah Ruhollah Khomeini of Iran and the roundup of Muslim suspects in the World Trade Center bombing reinforced the popular impression of Islam as a menace, as do attacks on foreigners by Muslim extremists in Algeria and Egypt.

There is no doubt that many Muslims take a dim view of U.S. policies and American culture. Groups acting, or claiming to act, in the name of Islam are trying to undermine U.S. policy in key countries, including Egypt, Turkey and the Palestinian self-government zone.

The message from the Clinton administration, however, is that the vast majority of Muslims are not scimitar-wielding fanatics but everyday folk going peacefully about their business, and that they have nothing to fear from the United States.
The United States has excellent relations with

many key Muslim countries, including Saudi Arabia, Egypt and Indonesia. But throughout the Middle East and Muslim Asia, groups and individuals that are hostile to the United States for whatever reason - support for Israel, past alliance with the shah of Iran,

religion and extremist political acts carried out in of anti-Americanism, to provide legitimacy to

what are essentially nonreligious campaigns.
The best example was President Saddam Hussein of Iraq, a lifelong secularist and leader of a secular political party founded by a Christian, who underwent a last-minute conversion to claim the 1991 U.S.-led war against Iraq's aggression in Kuwait was a war against Islam.

To counter such ploys, Mr. Clinton and his team are trying to convince Muslims worldwide that the "Great Satan," as Ayatollah Khomeini branded the United States, is opposed to terrorism and threatening behavior wherever it occurs. not to Islam as a faith.

During Mr. Clinton's November visit to Indonesia, the world's most populous Muslim country, his major public appearance was at the main mosque in Jakarta. Asked later by an Indonesian reporter why he had visited the site, Mr. Clinton said, "I have tried to do a lot as I have traveled the world." Continuing, he said he wanted to say to the

American people, and to the West generally, that "even though we have had problems with terror-ism coming out of the Middle East, it is not inherently related to Islam -not to the religion. not to the culture."

When Mr. Clinton addressed the Jordanian Parliament in October, a senior official said, he revised the text drafted by his speechwriters to deliver the same message in personal terms.

FRANÇAIS

TO PYCKING

"After all," he said, "the chance to live in harmony with our neighbors and to huild a better life for our children is the hope that links us all together. Whether we worship in a mosque in Irhid; a Baptist church like my own in Little Rock, Arkansas, or a synagogue in Haifa, we are bound together in that hope.

If the administration were to succeed in what amounts to a public relations campaign, it could undercut such extremist groups as Hamas, which claims to be religiously motivated as it de-nounces U.S. support for Israel and Washing-ton's role in hrokering Middle East peace

ft also might put Washington in a position to establish at least a working relationship with the Islamic Salvation Front in Algeria, where, if that group comes to power, Washington hopes to avoid the kind of complete alienation that developed with Iran.

But reaching out to the Muslim world at large is difficult because of the nature of Islam. Because there is no ordained clergy in Islam and no central source of doctrinal authority, any Muslim can claim to be interpreting the dictates of his faith correctly if he chooses a path of violence instead of conciliation. For the same reason, there is no Muslim equivalent of the Pope whom Mr. Clinton could invite to the United States in a goodwill gesture.

Security Lapses Preceded Seizure

PARIS - Algeria acknowledged on Wednesday that there had been lapses in security at the Algiers airport that might have contributed to the Christmas Eve hijacking of a French airliner. "Unfortunately, some shortcomings have be-

come evident, as exist at any other international airport," the Algerian secretary of state for cooperation, Ahmed Attaf, said in a statement carried

boarding the aircraft. The hijackers seized the jet and the passengers before takeoff.

After being freed, some of the hostages said

they suspected two of their fellow passengers of being accomplices, noting that the two often sat in the rear of the plane and appeared to be looking after things when the hijackers were occupied in the front of the aircraft.

France, meanwhile, began investigating whether the hijackers had accomplices in France. The Paris public prosecutor's office started legal

cent civilians,

action against "persons unknown" for complicby the official Algerian press agency, APS. "We are going to correct that," Mr. Attaf said, speaking of the lapses. He did not provide any details on what they were. Passengers had said that the airport police ity in the attack, justice sources said. A Muslim Cleric Is Expelled France has quietly expelled another Muslim clerie known for extremist preachings, an official source said Wednesday, according to an Associwere conspicuously absent while they were ated Press report. Maheri Hari, 41, a Tunisian who held services at a mosque in Marseille, was living illegally in France, the source said. Algeria Is Too Risky for Press

After announcing that the

number of dead was 3,000, the

Algerian government conceded

number was closer to 10,000.

Independent French and Al-

gerian estimates put the num-

ber of dead since the conflict

began in 1992 at a minimum of

The Algerian war has been

particularly frustrating for the

French press, which has re-

tained a historical and emotion-

President Charles de Gaulle

granted Algeria its freedom in

1962 after a bloody war of inde-

pendence. The French refer to

the war raging now as the "Sec-

"I think there are large zones

of shadows over what happens in Algeria today," said Alain

Frachon, foreign editor of Le Monde, the French newspaper

whose correspondent covering

Algeria now visits only occa-

sionally for brief periods when

she is satisfied she can enter and

imposed on most of the interna-

tional press and, more impor-

tant, those imposed by the Al-

gerian government over our

argest source of information,

the Algerian press itself, there is

much we don't know," Mr. Fra-

"Because of these restrictions

ond Algerian War."

exit safely.

Civil War's Extent and Horror Little Known

By Youssef M. Ibrahim New York Times Service PARIS - The world's press

has been largely shut out of the Algerian civil war, which has claimed between 600 and 1,000 victims each month since this

fighting to establish a Muslim theocracy in the Iranian mold have declared Algerian and foreign journalists to be prime tar-

According to Reporters Without Borders, an organization based in France, 26 Algerian journalists and one French campaign embraced by the Islamic Salvation Front, the major opposition party.

The slayings were carried out by the party's armed branches, which are battling Algerian authorities from one end of the country to the other.

Widening the war with equal brutality, the army has moved in the last year to muzzle the local press and keep the international press from reporting or witnessing warfare that includes widespread use of napalm and executions.

The policy is part of what senior commanders of the Algerian Army have dubbed a "total eradication strategy" against all Muslim opposition.

Over the past year, the Alge- an increasing number of innorian government has severely limited the ability of the local media to cover the civil conflict beyond authorized news bulletins. Few visas are granted for earlier this year that the actual

foreign reporters. As a result of intimidation by Islamic fundamentalists both sides, international news organizations have pulled out correspondents and hesitate to press journalists to go, even on 30,000. occasional visits.

"The first reason is fear," Robert Menard, director of Reporters Without Borders, said

Tuesday.

It would be a colossal risk North African country in view reporter have been killed in Algeria, he continued. For any editor to send a reporter of its 130-year occupation. working journalists, Algerians and foreigners alike, the place is 100 times more dangerous than Bosnia or Rwanda. Going there is like playing Russian roulette with a journalist's life. Most editors are reluctant to make this decision."

Alan Thomas, chief of the Reuters Mideast bureau in Nicosia, said the agency decided to pull its correspondents out of Algeria a year ago.

The advantage of having a dateline out of there is outweighed by the security situation, the danger to the lives of the reporters," he said.

The "blackout," as many editors call it, has eclipsed the profile of a war that is victimizing

gether some 100,000 Christians from across Europe. RUSSIA: Troops Escalate Assault

PILGRIMS -- Youths waiting Wednesday in Paris for

the opening of a three-day congregation bringing to-

Continued from Page f

ters nearby.

Mr. Yeltsin was sharply attacked in Moscow again Wednesday by his former prime minister, Yegor T. Gaidar, who said the president was losing his grip over real information, which was leading to "fatal political mistakes."

"We and the president, it's as if we live in different worlds of information," Mr. Gaidar said. "He has a different picture of what's happening in Chechnya than myself and my colleagues in Grozny, and most Russians."

Mr. Gaidar said the expense of the war could destroy the hope of economic stabilization in 1995, and that Mr. Yeltsin scemed to be moving away from the idea of democratic reforms.

He would do nothing to help the enemies of democracy or to Gaidar said, but he could no

longer fully support Mr. Yeliken. There were two large crasin's policies. By that, he said,
he meant not only Chechnya, "but a very serious change of place within the last few

133

Mr. Dudayev, who appeared on television Tuesday to urge his people to fight to the death, made no public comments or appearances Wednesday. The only open road from the city, to the south, was filled with refugees dragging every possession they could stuff into their overburdened cars or huses.

Kohl Plans to Visit Balladur

Reuters PARIS - Chancellor Heimut Kohl of Germany will visit Prime Minister Edouard Balladur on Jan. 5 at his winter home in Chamonix in the French destabilize the country, Mr. Alps, the French official's office announced Wednesday.

KOREA: Talks Unfruitful Continued from Page 1

dent Bill Clinton, in a rather testy tone of voice, called Wednesday for Mr. Hall's re-

Mr. Clinton, however, sidestepped a question at a press conference on whether the United States would cancel a \$4.7 million fuel oil delivery that is scheduled to be made next month to North Korea under terms of the nuclear agree-

ment. He also said it was premature to say anything about Mr. Hnbbard's negotiations with the North Koreans. The State Department spokesman, Michael McCurry, also declined to discuss the contents of the talks.

But Representative Lee H. Hamilton, the Indiana Democrat who is the outgoing chairman of the House Foreign Re-lations Committee, said in a television hroadcast on Wednesday that he had heard that the talks between Mr. Hubbard and the North Koreans "were not very satisfactory," and that meetings between miltary officers of the two nations might be needed next.

Other officials suggested that North Korea told Mr. Huhbard that its army was convinced the helicopter had been on an espionage mission and had not strayed across the border accidentally. Pyongyang also pressed for an apology from the United States.

It also expressed its desire for reaty with the United States, to the exclusion of South Korea, to formally end the Korean War.

"What he heard so far has been fairly familiar," said a U.S. official. He added that North Korea was insisting on things that "are politically impossible for us," because the United States would not sacrifice its alliance with South Korea to appease the North.

Mr. Hubbard, the highestranking U.S. executive branch official ever to visit North Korea, did not get a chance to see Mr. Hall, whose helicopter was either shot down, crashed or made an emergency landing. Mr. Hall's co-pilot, Chief Warrant Officer David Hilemon, was killed in the incident; his remains were returned to the

WORLD BRIEFS

Berlusconi Presses for New Elections

ROME (AP) - Prime Minister Silvio Berlusconi stuck to his call for quick elections in a meeting Wednesday with the president, who is sounding out Italy's parties for a way out of its political mess.

Mr. Beriusconi, who resigned last week but is still running the overnment, led a list of allies and opponents called in by President Oscar Luigi Scalfaro. The media magnate's opponents want him out, a new governing coalition and elections farther

"We don't see another solution than returning to the voters to see who is right or wrong," Mr. Berlusconi told reporters after meeting with Mr. Scalfaro.

Le Pen Is Ordered to Pay Back Taxes

PARIS (AFP) - Tax authorities have issued a demand for more than a quarter of a million dollars in unpaid taxes from the French ultrarightist leader and presidential candidate Jean-Marie Le Pen, the daily Le Monde reported Wednesday.

The paper, citing tax officials, said the tax-collecting authority was investigating other items allegedly not declared by Mr. Le Pen in annual tax statements over the last 15 years. The unpaid amounts relate in particular to tax on an inherited fortune and

Tax officials have concluded that Mr. Le Pen either neglected to mention certain items on his tax declarations or underestimated their value. An aide to Mr. Le Pen, who was in Mauritius and could not immediately be reached, dismissed the report as "fanta-

Turks Warn Europe on Xenophobia

ANRARA (Reuters) — Turkey said Wednesday that Europe should be more determined in opposing xenophobic violence against Turks working abroad.

against Turks working abroad.

"Turkey is very concerned that the xenophobia in Europe is turning into acts of violence and constantly warns the relevant countries about it," said the Foreign Ministry spokesman, Ferhat

Turkey formally asked Germany on Tuesday to investigate whether a weekend fire that killed a Turkish national and his son had been started by rightist extremists. The German police said Wednesday that there was no indication of neo-Nazi involvement in the fire. Turks and other foreigners have been frequent targets of neo-Nazi violence, which has killed at least 30 people since

EU Could Sink Tories, Major Says

LONDON (AP) - Prime Minister John Major, in a bleak New Year's message to supporters, said divisions over Britain's relations with Europe threatened to destroy his governing Conserva-

The Conservatives are at record levels of unpopularity and most Britons believe the Labor Party will form the next government.
"Our work," Mr. Major said, "is at risk."
He said the European Union was the "one issue above all others

which threatens to destroy our party from within." He cited peace and free trade as the key advantages of the 12-nation EU, and asserted that his administration had "won the argument to ensure" that Europe intervenes as little as possible in our everyday lives."

U.S. Protests Removal of Kenyans

NAIROBI (Reuters) - The United States joined protests on Wednesday over the removal of hundreds of homeless Kenyans and urged Kenya's government to respect their hasie human

The people, victims of ethnic clashes in 1993, were abruptly moved by the police out of their camp at Maela in the western Rift Valley region over the Christmas weekend. Still waiting for land promised them, they spent a fifth day on Wednesday in harsh conditions at impromptu sites on open ground between 60 and 90 kilometers (40 to 55 miles) from Maela,

"Having pledged over \$3.5 million in financial aid to the

resettlement of Kenyans displaced by ethnic clashes, we cannot condone a process which is not transparent and which hreaches the human rights of ordinary citizens," the U.S. Embassy said.

China Aide Offers Hong Kong Talks

HONG KONG (AFP) — Foreign Minister Qian Qichen of China told a Hong Kong delegation on Wednesday in Beijing that he is ready to visit Britain to discuss the territory's future, Hong Kong news media reported.

Mr. Qian was quoted as telling members of the Democratic Alliance for the Betterment of Hong Kong, a pro-Beijing political party led by Tsang Yok-shing, that he would agree to an official

The course of Chinese-British relations has now been fixed. Mr. Qian reportedly told the delegation, according to local radio and television stations here, but his remarks were not part of a Xinhua news agency account of the meeting.

For the Record

Watter Sisulu, the veteran South African black leader and a: friend and former mentor of President Nelson Mandela, was doing much better Wednesday, a spokeswoman at a Johannesburg hospital said. He had suffered mild heart failure. (Reuters)

TRAVEL UPDATE

Eurostar Will Increase Departures

LONDON (Combined Dispatches) - The London-Paris highspeed train service through the Channel Tunnel will increase its frequency on Jan. 23 from two to four trains a day with a fifth on Fridays, Eurostar announced Wednesday. The high-speed service from London to Brussels will increase from two to three a day In a related development, the channel ferry company P&O .

announced a fare of 9 francs (\$1.65) for a same-day return trip between Calais and Dover for foot passengers. The promotional offer is available only to French passengers through the regional newspaper La Voix du Nord. The standard one-day round-trip. fare is 240 francs on P&O and 110 francs on its main competitor,

The Polish airline LOT said it had signed agreements with Lufthansa, Austrian Airlines and Swissair to open new service between Warsaw and Berlin, Vienna and Krakow, and Zurich and

Belgian truckers have extended roadblocks to cities in southern Belgium, including Mons, Arlon, Liège and Charleroi, Belgian radio said. The truckers, who are protesting a new highway tax, are stopping trucks but allowing cars to pass.

Taiwan will extend to 14 days from the current five the periodthat foreigners from 12 countries can stay without visas, an official said Wednesday. The countries are Britain, France, Germany, Austria, the Netherlands, Belgium, Luxembourg, the Unit-ed States, Japan, Canada, New Zealand and Australia. (Reuters).

ALGERIA: Paris Gets Little Relief Continued from Page 1

Group said the hijacking was in reprisal for French aid to the Algerian government, senior officials here went out of their way to insist that France had not taken sides in Algeria. "We would like it to know peace and to know it through democracy," Mr. Balladur said.

While Mr. Pasqua has always argued that democracy and Islamic fundamentalism are incompatible, the interior minister also stressed Tuesday that he had no differences with Foreign Minister Alain Juppe, who has encouraged Algiers to negoriate with opposition groups. Yet Paris still seems unsure

the daily Le Monde, "the logie

volvement in the country's new

whether a more even-handed approach to Algeria's troubles would make any difference in a

of war" seems to have taken hold. What is clear is that France.

which ruled Algeria for 130 years before it was defeated in a independence war in 1962, cannot easily extract itself from inwar. France and Algeria remain tied to each other by painful

memories and present realities.

That war tore France apart, with many French still unwilling to forgive Charles de Gaulle for granting Algeria indepen-dence. Yet Algeria's revolutionary government soon looked to Paris for help. And today, the warring factions still expect France to play a role. It is as if the two countries have shared too much history to be able to conflict where, in the words of go their different ways now.

1993. But he faced one storm after another

Days after he took over, he learned that there was a suspected traitor inside the agency. A year laier came the arrest of Mr. Ames, a career CIA officer who betrayed at least 10 Soviet agents secretly working for the United States. He had spied for Moscow for nearly nine years, undetected, despite what were in hindsight painfully

involved in the case.

"This is a superhly qualified, highly intelligent guy who walked into a buzzsaw that was none of his making in the Ames thing," said William E. Colby, director of

affairs, Mr. Woolsey often behaved like a man walking two tightropes at once. He tried to shore up the CIA's morale by protecting and defending it from wide-spread public criticism. At the same time, he tried to accommodate the agency's congressional overseers, many of whom think the CIA has lost its way and needs a shake-

In the end, he satisfied almost no one,

Immediate speculation about a successor centered on the deputy secretary of defense, John Deutch; the former director of the State Department's intelligence bureau. Morton Abramowitz: former Senator Warren Rudman, a Republican who served on the Senate intelligence committee until his 1992 retirement from Congress; and the deputy director of central intelligence, Admiral William Studeman. Admiral Studeman is likely to serve as

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IMPROVE THE WORLD'S ECONOMY

CIA: Woolsey Resigns After 2 Years as Chief of U.S. Intelligence Service mands - not demotions or dismissals - according to White House, congressional and agency officials.

in his 23 months at the helm of the CIA.

obvious warning signs. The case made the CIA a laughingstock. While Mr. Ames was caught on Mr. Woolsey's watch, and while he instituted changes as a consequence of the case, the director absorbed the political equivalent of a public whipping. The criticism intensified when Mr. Woolsey meted out repri-

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to 11 present and former CIA officers

central intelligence from 1973 to 1975. In the Ames case and in other CIA

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acting director of central intelligence until a successor is named. The director of central intelligence has two jobs, serving as the chairman of the board of all the nation's intelligence agencies and as the chief executive officer of the

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The state of the s * POLITICAL NOTES* Loss Wins Agriculture Nominee His Goal

WASHINGTON - Representative Dan Glickman of Kansas, President Bill Clinton's choice to become the next

secretary of agriculture, may yet prove that it is possible to

win by losing.

Mr. Glickman sought the post two years ago but lost out to Mike Espy of Mississippi, a junior member of the House Agriculture Committee. Now, after an even more stunning defeat seven weeks ago in his home district of Wiching, Mr. Glickman has been accompated at last to the office he covered. Glickman has been nominated at last to the office he coveted.

Even as a lame duck, Mr. Glickman did not go out of his way to endear himself to the White House, voting against ratification of the global trade accord that Mr. Clinton had made a priority.

But the record he had built over nine terms in Congress as a leader in crafting farm policy apparently persuaded the president that it would be wise to seize on his sudden

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availability.

Mr. Clinton formally announced the nomination at a White House ceremony Wednesday. With a champion in Senator Bob Dole, the Republican leader and a fellow Kan-

san, Mr. Glickman is likely to win swift confirmation.

Mr. Espy, who has said he did nothing wrong, steps down Saturday. He remains the subject of a special prosecutor's inquiry into his acceptance of plane rides and other favor. from industries regulated by the department.

Clinton Still Has His Many Admirers

NEW YORK - He may have taken a beating from Republicans in last month's midterm elections, but Mr. Clinton is the most admired man in America, according to a new public opinion survey.

The CNN/USA Today poll of 1,016 Americans, conducted by the Gallup Organization, found former President Jimmy Carter to be the second most admired man, Sitting presidents, the pollsters said, usually take the top spot. Hillary Rodham Clinton tied with Nobel Peace Prizewinner Mother Teresa as most admired woman. (Reuters)

Yes, Some Candidates Are Real Crooks

CHICAGO — In a city where politics is often played as a game of organized revenge and human frailty is not something one tends to advertise, an unlikely new theme is being bruited about by hardened operatives — the politics of redemption.

Taking a cuc from the strategy that swept the former mayor of Washington, Marion S. Barry, back into office last month despite a cocaine possession conviction, five Chicagoans with criminal histories are seeking their own public

salvation, vying for seats on the City Council.

They have declared their intentions despite a new Illinois law that seeks to block felons from running for municipal office. But many legal experts suggest that the law may prove unconstitutional because it provides a stricter standard for municipal offices than it does for statewide offices.

"If Barry can do it, why can't we do it?" asked Tom Hendrix, a Democratic candidate for alderman who served four years in prison for soliciting murder for hire. "I made my mistake, like a lot of people do. But are we supposed to pay for it, over and over, the rest of our lives?" (LAT)

Quote/Unquote

Former President George Bush, who once served as director of central intelligence, on criticism of the CIA over the Aldrich Hazen Ames spy case: "Now the CIA is under attack again. People want to take the Ames mole case and use that to hash the C1A. Some suggest the agency should be in the State Department. Some say we no longer need the types of intelligence CIA provides the president. How wrong those views are."

Colleges Restrict **Advanced Credits**

science curriculum and more re-

search opportunities. But Johns

Hopkins, like a small but grow-

ing number of private, competi-

tive colleges, was unwilling to

give her credit for all the

After she enrolled, she

learned that the college would

give her only 22 credits, leaving her 2 short of the minimum 24

credits Hopkins requires of

sophomore students. That

meant she started as a second

"I was surprised and star-

tled," she said, "that they didn't

The changing attitudes of some institutions toward the

advanced placement tests come

as more students are taking the

tests - a record of nearly

400,000 in 1994. Colleges en-

courage this by taking the tests

into consideration for admis-

sion and for merit-based schol-

WASHINGTON - Milton

Pitts, 82, barber to four Repub-

lican presidents as well as to

other political celebrities and

prominent entertainers, died of

Over a period of two decades,

Mr. Pitts charged Presidents

Nixon, Ford, Reagan and Bush

\$25 for a wash, haircut and

blow-dry, disdaining high-priced fellow barbers.

son paying \$200 for a haircut," he said. "That's showmanship."

day of barbering before he en-tered the hospital, was \$35.

"There's no excuse for a per-

His price on Nov. 29, his final

heart failure on Sunday.

semester freshman.

accept more,"

By William Celis 3d

New York Times Service NEW YORK - For more than 40 years, Advanced Placement tests have become a standard fixture in high school for America's ahlest students. While they attended high school, they earned college credit by taking demanding classes ranging from art and Latin to calculus and physics.

But as the number of Advanced Placement courses and students taking them - has proliferated, more and more colleges and universities are tightening the number of credits they will award to students.

Some institutions have increased the minimum test score they will accept. Others are refusing to accept the credits at all as substitutes for college work, saying that as they have redesigned curriculums, the tests have become outdated.

All of this puts students like Adriana Izquierda, a 19-year-old freshman at Johns Hopkins University in Baltimore, in an unexpected spot. During her se-nior year in Buffalo, New York, Ms. Izquierda thought she had taken enough advanced placement courses to skip her freshman year of college and save the money. The tests cost about \$72 each, or about 522 a credit, far cheaper than the actual cost of a typical college-level course.

Harvard University, which accepted her, agreed to give her credit for all her advanced placement elasses, offering her 52 undergraduate eredits in American history, French, German, English composition, economics, calculus and biology. and placing her in the sopho-

Instead, Ms. Izquierda decided to go to Johns Hopkins University, because as a premed

Washington Pris Service
WASHINGTON — There was a time when Democrats proudly embraced the New Deal and the Great Society, when they defended their liberal traditions of battling discrimination, helping the poor and protecting the rights of

By Kevin Merida

But these days, a growing number of moderate and conservative Democrats say the party desperately needs an image make-over. Shaken by their shellacking in the November elections and fearful that their party could become irrelevant. these Democrats are arguing that the party should move right to get to the center. In doing so, they are raising a critical question: Is it finally time to pronounce the death of Democratic

"Democrats are really defensive about their party," said former Senator George S. McGov-ern, the party's unsuccessful 1972 presidential nominee and one of its liberal luminaries. "It's almost as though people don't want to say 'liberal.' Democrats have quit fighting. They don't defend the traditions of the party, the good programs of liberalism."

Republicans have pledged to dismantle many federal social programs. Declaring that there soon will not be any liberal Democrats left, the broadcaster Rush Limbaugh joked at a recent dinner with incoming House Republicans that they should keep a few liberals around, kind of like preserving fossils in a museum, so that the next generation would know what the species

Revisionist Democrats Put the Blame on Their Liberalism

NEWS ANALYSIS

this ritual. When the party suffers at the polls, it is often liberal ideas, liberal candidates and liberal constituencies that are blamed.

It happened after Jimmy Carter lost the presidency in 1980 following a divisive primary chal-lenge from a liberal senator from Massachusetts, Edward M. Kennedy. It happened after Walter F. Mondale was troonced in the 1984 presidential election following his acknowledgment that he would have to raise taxes. It happened again four years later when a once-successful governor, Michael S. Dukakis of Massachusetts, was turned into a card-carrying American Civil Lib-erties Union member who let prisoners out on weekends. He, too, became symbolic of the Democrats' liberal excesses. And now it is happening

The party's moderate and conservative voices have been dominating the postelection megaphone. Leading the charge have been the centrist Democratic Leadership Council and its public policy arm, the Progressive Policy Institute. Their critiques of the party's failings have spared no one, not even President Bill Clinton, one of the council's founders, who was upbraided at a recent meeting for abandoning his principles as a "New Democrat."

The Democratic Party's postelection search for new definition shifts to Capitol Hill next week when the 104th Congress convenes. By now, liberal Democrats should be accustomed to move the liberal Democratic should be accustomed to the liberal Democratic should be accustomed to the liberal Democratic Party's postelection signaled anything, it was the death of the New Deal political alignment and the programmatic approaches it spawned," the council's president, All From, and the liberal issue of the council's president, Will Marshall, wrote in the latest issue of the council's measuring. The liberal political anything it was the death of the New Deal political the same old warmed-over excuse," said Representative Dave McCurdy of Oklahoma, the council ehairman, who lost a bid for the Senate the latest issue of the council's measuring. the latest issue of the council's magazine, The New Democrat.

The two argued that the elections actually liberated Democrats by "sweeping away the in-stitutional underpinnings of the liberal status quo: seemingly perpetual Democratic control of congressional committees and long-standing relationships with favored consultuencies and

interests. Mr. McGovern, who teaches a foreign policy course at George Washington University here, said he has been wearily watching as Democrats struggle to redefine themselves. As he sees it, the party should not try to out-Republican the Republicans.

"We are a liberal party, the Republicans are a conservative party," he said. "And the battle lines ought to be drawn on that basis. It's hard for me to believe we really lost because we went too far to the left. I rather think it's our timidity about presenting a liberal agenda."

Many liberal Democrats maintain that the latest election was not a referendum on their party ideologically but a referendum on them as communicators and strategists.

"I think Democrats are not correct if they think they have the wrong message," said Louise M. Slaughter, a liberal-leaning representative had no message."

this fall.
"The Democratic Party can't keep repeating the New Deal and the Great Society," added Representative James Cooper, a moderate Democrai who also was defeated in his bid for the Senate. The Tennessean cited Mr. Clinton's failed health care plan as the embodiment of the old liberal tradition of big government as prob-

"Part of the problem," said Barney Frank of Massachusetts, one of the leading liberals in the House, "is the left imposes higher standards for its political support than the right." When the Democrats are in power, he said, all of their constituencies expect their interests to be ad-dressed quickly and with little compromise. "Clinton tried to do something about grazing

fees," he said. "He angered mining and grazing interests for trying, and the environmentalists got mad at him for not succeeding."

Some liberals, tired of being treated as scapegoats, are starting to organize. The Reverend Jesse L. Jackson's Rainbow Coalition is holding a conference of elected officials, environmentalists, labor leaders and other traditional liberals during the week Congress convenes. Mr. Jackson has talked of challenging Mr. Clinton as an independent in 1996 and said he is beginning to "build an organization and an infrastructure" from upstate New York. "The problem was they from the remnants of his 1988 presidential



SPRING IN WINTER -A rower stroking in spring-like weather on the Charles River in Cambridge, Massachusetts.

Away From Politics

 Edward J. Leary, 49, was indicted by a grand jury on charges of carrying the firebomb that injured more than 40 people on a subway Dec. 21 as part of an extortion plot against the New York City suhway

· A federal judge has issued a preliminary injunction preventing Oregon from putting into effect its voter-approved assisted-suicide law until a court can decide if it is

MEXICO CITY - The saw "encouraging signs" in the

sions in Chiapas State, with the lie has given instructions to the

efforts to open a dialogue and its troops and end its operations in the towns of San Quintin and

ce de León ordering some Monte Libano," the ministry

National Liberation Army said that they "saluted" the government's acceptance of a civie rebels' stronghold. Military op-

group led by a Roman Catholic erations there in recent days

bishop to mediate between the had been decried as provocative

Mexican government and re- rebel statement.

bels have moved to reduce ten-

rebels welcoming government

troops out of the area.

The rebels of the Zapatista

publican as they come," accord-

ing to his daughter, Barbara,

seemed to have played into his

professional life as well, since

Presidents Carter and Clinton

rejected his services. But at least

one Democratic hopeful,

George McGovern, got his hair cut by Mr. Pitts at his shop in a

Mr. Pitts had definite ideas

about how to make his most

prominent customers look what

he called "presidential," When

they first came to him, he found

that Richard Nixon, Gerald R.

a lot of what he called "that

Herald Eribune

Washington hotel.

The Interior Ministry said in army.

two sides.

supervisor. The county has an ahundance of landfill capacity that it could sell to other areas, he said. (AP) (AP)

 After 14 years of leading tourists through the Reverend Martin Luther King's birthplace and tomb, the National Park Service has been ordered off the property hy Mr. King's family in a dispute over conflicting plans for another building at the site. (AP) • U.S. hospitals registered 367 million out-

A lack of communication

from the Zapatistas for more

than a week had concerned

many in the government, who

wondered if the rebels were

planning a repeat of their upris-

More than 145 people died in

the unrest before a cease-fire

In their statement, the rebels

said they recognized the Interi-

or Ministry as a valid represen-

tative in any future contacts be-

tween the two sides via the

National Mediation Commis-

sion, headed by a Roman Cath-

In 1966, be branched into

publishing and purchased Il Resto del Carlino, Bologna's

main newspaper. His company, Poligrafici Editoriale SpA, also

owns two national newspapers:

La Nazione of Florence and Il

It also publishes a television

magazine, and operates a news

agency, a printing plant and an

Tempo in Rome.

ing that began last Jan. 1.

Mexico and Rebels Act to Ease Tensions

"The president of the repub-

The two towns, on the edge

by the rebels and critics of the

them from such applications, Mr. Pitts said, and to allow the

barber to work them toward

what he called "the oval look."

Attilio Monti, 84, Founder

Of Italian Publishing Empire

Monti, 84, a self-made oil man who later founded a publishing

empire, died Friday in Antibes,

France, his company said Tues-

BOLOGNA (AP) - Attilio

Milton Pitts, Barber to 4 U.S. Presidents, Dies at 82

Defense Ministry to withdraw

• Orange County, California, should being replenish its drained treasury by filling up its dumps, said William Stener, a county supervisor. The county has not always a county of the county beautiful to the county of the county said. Of 22.8 million operations performed during 1993, 55 percent were done on an outpatient basis, compared with 24 percent in 1983.

> • In an effort to improve its image, the toolmaker Snap-On Inc., of Kenosba, Wisconsin, has ended a 12-year tradition of distributing calendars showing female models displaying the company's products. The 1995 calendar has photos of

> > Samuel Ruiz

olic bishop in Chiapas State,

Bishop Ruiz, a fierce defend-

er of indigenous rights, has

been staging a hunger strike for

the last week to push for new

The Mexican currency has been badly hit by political un-certainty sparked by the Chia-

pas situation, as well as by more

general concerns about the

health of the economy. The gov-

ernment devalued and then

floated the new peso against the

dollar last week and the curren-

Fanny Cradock, 84, Britain's

first celebrity television chef.

has died, a spokesman said Wednesday in London.

Dozens Killed in Venezuela

MATURIN, Venezuela

Two huses collided Wednesday

and one suptured a pipeline,

setting off an explosion and fire

(Reuters, AP)

cy continues to slide.

in Jerusalem.

Texas Replaces New York As No. 2 in Population WASHINGTON - Population estimates for 1994 issued

by the Census Bureau show that Texas has surpassed New York as the second most-populous state.

Census officials said New York had dropped to third because fewer people moved there from other parts of the "New York is a study in contrasts," said Edwin Byerly, a

Census Bureau statistician. "On the one hand, New York has the second highest rate of international migration, but it's last in terms of the rate of domestic migration." The report showed California was the most populous state

with 31.4 million people, Texas second with 18.4 million and New York third with 18.2 million. Nationally, immigration continued to play a significant role in raising population, the Census Bureau said. About 30 percent, or 762,000, of the national population growth was

attributed to immigration. The number of Americans grew by 1 percent, to 260.3 million in 1994, from 257.8 million in 1993.

Fragmenting Bullets Held Back by Maker Delay Prompted by Outrage

ed by Our Staff Fram Dispatches NEW YORK - A businessman's boasts that his new fragmenting handgun bullets make an "incredible wound" have provoked outrage and calls for legislation to ban the ammuni-

Now, the reaction has forced the businessman, David A. Keen, chief executive of Signature Products Co., to stall part

of the project. "We want to be a responsible manufacturer," Mr. Keen said Wednesday in announcing that he would delay the release of an armor-piercing variety of the ammunition.

Mr. Keen, whose company is based in Huntsville, Alabama, had said earlier this week that "the beauty behind" the ammunition "is that it makes an incredible wound that makes the target stop and worry about survival instead of robbing and murdering you."

"There's no way to stop the bleeding," he added. "I don't care where it hits." One of the bullets, Rhino-

Ammo, is supposed to fragment on contact with the human body, breaking up into thou-sands of tiny shards that tear open a hole in the flesh the size of a grapefruit.

The other new hullet, the Black Rhino, is designed to cut through a bulletproof vest, then fragment into many pieces, causing a massive wound.

Law enforcement officials and gun-control advocates demanded federal action to ban the new bullets.

Senator Daniel Patrick Moynihan, Democrat of New York, said there was "something sick"

about Mr. Keen's comments. He said be would propose legis-lation to ban the bullets if fedthem. Another New York Democrat, Representative Charles E. Schumer, has proposed House legislation. Congress reconvenes next week

had made "a management deci-

hold" even if it was approved by federal authorities. But he said he would proceed with plans for the fragmenting Rhino-Ammo bullet, in 9mm and .45-caliber versions. Federal approval is expected in about a month.

on to dut the black knino of

Mr. Keen's comments about the destructive power of the bullets also provoked skepti-cism from the National Rifle Association, which said he had made "dubious claims." "This has all the trappings of

a hoax," said the group's chief lobhyist, Tanya K. Metaksa. What we have is an outbreak of moh journalism centering on the duhious claims of a wouldbe manufacturer." Mr. Moynihan sponsored a

1986 ban on armor-piercing "cop-killer" bullets and shepherded an expansion of it into the crime hill.

Because Rhino rounds are made of carbon-based plastics called polymers, rather than metal, the Black Rhino would sidestep the ban on armorpiercing hullets. Before this week, Mr. Keen

said, law enforcement officials were calling for bullets with the armor-piercing qualities of the Black Rhino. But Don Cahill, legislative director for the Fraternal Order of Police, said Wednesday that most criminals did not wear bulletproof vests and there was "no doubt" that the ammunition would fall into the wrong hands.

Gun-rights supporters note that at least two types of bullets similar in effect to the Rhino-Ammo are on the market.

Supporters say there are advantages to bullets that break up upon hitting human tissue. They cannot pass through a tareral regulators did not block get's body and hit someone else, and if a shot misses the target and hits an object, it disintegrates instead of ricocheting.

Mr. Keen said his bullets would be sold only to law en-In a broadcast interview on loncement agos Wednesday, Mr. Keen said he ly licensed gun dealers, (AP, WP)

advertising company. Its non-media holdings include hotels in Bologna and Milan. Mr. Monti began selling gas-oline at age 17, becoming an agent for the state-owned oil that killed dozens of people, of-Hatem Husseini, 54, a Pales-tinian academic and a leader of Ford and Ronald Reagan used ficials said. It was feared the company Agip. He then built a death toll might reach 50.

This prestigious conference will assess the new developments in France following the Presidential elections and will feature key members of the new government in addition to major industrialists and finance and government leaders from around the world,

THE NEW FRANCE:

His personal politics, "Regreasy kid stuff," or hair oil. refinery, which was destroyed Yasser Arafat's Fatah organiza-iblican as they come," accord- He managed to dissuade during World War ff and later tion, died of cancer on Tuesday

Implications for Global Business

LE GRAND HOTEL, PARIS OCTOBER 17-18, 1995



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OPINION

The China Quarrel

China has moved with stunning speed to make itself a major force in the world's economy. But it has never accepted the idea that the rules applying to other countries should also apply to itself. That is the issue at the center of the quarrel between China and the United States in these last days of the year.

On Friday the White House is to announce a list of nearly \$1 billion worth of Chinese exports against which it proposes to impose sanctions in retaliation for massive Chinese piracy of American patents and copyrights.

On New Year's Day the new World Trade Organization will be established, and China wanted badly to be one of the founding members. It has been blocked chiefly by the United States, which argues that China must first show that it is prepared to live by the WTO's principles.

China is a special case in many important respects. It is the world's 10th largest exporter (the other nine are all highly industrialized countries) and its exports in the 1990s have been rising three times as fast as the world average. There bas never been a country with as large a presence in world trade that has had as low a standard of living. China claims exemptions from many rules on grounds that it is poor and a developing country. The United States responds that those exemptions were allowed for small countries only beginning to venture into trade
--- and that's not China.

While China is no longer a Communist country in many respects, it is still under a government with vast power to interfere with normal trade. The countries with open economies want assurances about the use of that power. That is particularly true of the United States, which is now running a huge deficit in its trade with China and blames much of it on Chinese manipulation of the rules of trade access.

Earlier this year the Clinton administration threatened to cut off most American trade with China unless the Chinese improved their record on human rights. When the Chinese refused to respond, the United States awkwardly backed away from the threat on grounds that it would inflict too much damage to both American business and to Chinese reformers. It was a sensible decision, if inglorious, hat there is now a danger that the Chinese believe that they no longer need to pay any attention at all to

foreign protests about their conduct.

That is why the United States has to stick firmly this time to its insistence on the enforcement of the rules. The prosperity of a billion people and, very pos-sibly, the peace of Asia depend on the continued and orderly rise of China as an economic power. That requires the rest of the world to keep its markets open to China — but it also requires China to live by the world's laws.

-THE WASHINGTON POST.

Mistakes in Chechnya

President Boris Yeltsin was justified in using force against the breakaway Russian republic of Chechnya, but as a political exercise and military operation the attack has been inept. That is now a problem for him and for Washington.

The indiscriminate bombing of Grozny, Chechnya's capital, was a mistake, one that Mr. Yeltsin acknowledged on Tuesday in a nationally televised speech in which he announced a suspension of such attacks. No strategy was more certain to revive century-old resentments among the Chechens and unite them against Moscow, or more likely to galvanize opposition in Moscow to any effort to crush the Chechen rebellion,

The bombing undermined the case Mr. Yeltsin can and should make for keeping the Russian Federation whole. It needlessly raised doubts about the morality of a politically sound position that Chechnya deserves a measure of political autonomy but not full independence.

Yet the precision bombing and ground assault that Mr. Yeltsin promised in his speech are sure to cause more civilian casualties; their use must be limited to carefully defined military targets.

Military tactics are only one issue. The larger problem is that President Yeltsin hadly misread the political tertimated the capability and will of the Russian armed forces.

Politicians across the spectrum questioned his decision to use force. Only the nationalist extremists around Vladimir Zhirinovsky offered much encouragement. The head of the Parliament's human rights commission, Sergei Kovalyov, in an open letter to Mr. Yeltsin from

Grozny, wrote of "witnessing the death and flight of noncombatants, the destruction of bomes and industry." Ordinary Russians could see that for themselves on Russian television news. Demonstrators on the streets of Mos-

cow protested the military move. The Russian military, with memories of Afghanistan still vivid, openly rebelled, General Boris Gromov, a deputy defense minister who had commanded forces in the Afghan war, warned against military action, and another deputy defense minister offered to resign rather than take command of the operation. At least one tank commander in Chechnya resisted carrying out orders and was cashiered.

The political dissent is healthy, and the unfettered broadcasting from battle areas around Grozny is welcome confirmation that Russian reporting has recovered from Soviet censorship. The hesitancy of the army should crase any lingering fear that the Russian military could threaten Europe again any time soon. But these developments do not change the basic concern: The nasty little war risks derailing Russia from the reform track that Mr. Yeltsin had set it on, and risks further

eroding his support at home.

Washington has an interest in keeping Russia and reform intact. After initially giving Mr. Yeltsin a green light for military intervention, the Clinton administration should now be reminding the Russian leader that clumsy application of military force in Chechnya can under-mine stability in Moscow. Mr. Yeltsin should be searching for a political, not a purely military, way out of this crisis.

-THE NEW YORK TIMES.

North Korea Stalls

Does North Korea realize the risks it is taking by dragging out the helicopter incident? The Communist regime in Pyongyang has not only forfeited the bonus of American public regard that it could have reaped hy promptly returning not just the remains of the dead pilot but the surviving pilot and the helicopter. It also has stirred the already deep misgivings that many Americans had about the nuclear accord the two countries signed two months ago.

The helicopter went down on Dec. 17. At first it appeared that North Korea might accept American assurances that the aircraft was on a routine training flight and had mistakenly strayed into its territory in a snowstorm. Washington expressed regret and announced procedures to guard against any uncontrolled or provocative element in the posture of the 37,000 American soldiers on this last armed front of the Cold War. But the Koreans began insisting that the helicopter was on an espionage mission - on Tuesday the pilots were termed "criminals" — and demanded an apology. Washington "categorically" denies spy-

ing and withholds an apology.

With the succession to the late dictator Kim Il Sung still not finally settled, perhaps one or another faction seeks political advantage by showing how tough it can be toward the United States. Whatever, with each day North Korea lets the helicopter

incident cast a darker shadow over the already problematic nuclear accord.

So far North Korea has respected its commitment to permit international verification of its frozen nuclear program. The United States had figured to start delivery in just a few weeks of the oil intended to compensate Pyongyang for energy lost from its shut-down nuclear reactors, and Washington is consulting Japan and South Korea to raise \$4 billion to replace these reactors with models less likely to produce nuclear weapons materials. But this commitment can hardly be expected to withstand a bad-faith perfor-

mance on the captive pilot.
North Korea retains a hostile leadership whose internal processes are still largely shielded, and it maintains a hage military force positioned for another invasion -- the first was in 1950 - of the South. This is the fundamental cause of the insecurity on the Korean Peninsula. The helicopter that strayed represents an American commitment to the South's defense that began with the North's earlier aggression.

The nuclear accord invited the isolated

and impoverished North to exchange its nuclear option for a settled place in a regional and world community. North Koreans will put this at risk if they act in a way raising even the slightest question about their fidelity to the bargain.

-THE WASHINGTON POST.



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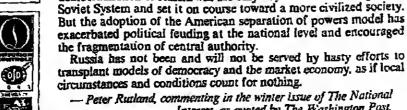
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The Jobs Crisis Is Worldwide, Ominous and Growing

NEW YORK - The United States currently may have only 3 to 4 percent of its working population in the agricultural sector, perhaps about 18 percent in industry, and 70 to 75 percent in services. Is this a natural process, due to be followed by all other societies?

Perhaps it is, but a glance at today's global economic condition, with all its complexities and contradictions, suggests that we should not automatically assume that this form of modernization will spread from continent to continent. There is a need, rather, to ask a few

large and searching questions. First, from what new inventions, and in what new fields, might we expect fu-

ture job-multiplying industries?
The shipbuilding industry of Western Europe in the 17th and 18th centuries was one such multiplier, stimulating many ancillary trades and industries. Steam-driven textile machines were another multiplier. The mid-19th century railway was another. The automobile was an even greater job multiplier. In more recent times, we might list the aircraft

industry and air transportation.

They were job multipliers because, for example, the automobile generated employment not just in Ford or Hyundai factories but among thousands of suppliers, gas station attendants and highway construction crews. In addition, the per capita added value of those new inventions was higher than that of the products they replaced. An antomobile worker thus earned more than a blacksmith.

Today's new technologies like biotech, however, seem to require only Ph.D.s.—or, like rohotics, destroy more

johs than they create. What if no new industries are arising in regions where traditional occupations are being made redundant - as, say, in the northern or western parts of France? Agriculture's share of employment con-tinues to tumble, despite vast subsidies. Steel, coal, metal-making shrink and shrink. Even Euro Disney doesn't work. Where is new employment?

A related question is how best to pay the "social costs" of shedding, as in the case of British Steel, 80 percent of the jobs in an inefficient industry. Invite peo-ple to move elsewhere, in the American manner? Pay them unemployment insur-ance, as is the British and French method? Invest in retraining and retooling skills, as in Scandinavia?

What will the political repercussions be? A right-wing backlash? Protectionism against foreign goods?

Granted that we cannot halt modernization, and that it has provided a longterm stimulus to global economie growth over the past 250 years. How do economists, businessmen or politicians handle processes like the automation of the factory and the office, which eliminates more jobs than it creates? A new invention is one thing; a new invention specifically designed to get buman beings out of the workplace is another. Granted, again, that modernization is

unstoppable. How does it work when production of an item takes place not just in a specific region like Western Europe in the 19th century or East Asia in the late 20th century, but globally; when there are 50 countries, with varying standards of wages, capable of producing soybeans, and 70 countries capable of producing steel?
Adam Smith's famous argument in

favor of free trade and specialization (that it made no sense for both England and Portugal to strive to produce wine and textiles when England's climate made it a better textile producer and Portugal's climate made it a better wine producer) does not address this reality of multiple competitive sources. Yet that is the basis of modern free market

By Paul Kennedy

economics. What if there is nothing you can produce more cheaply or efficiently in one place than another except by constantly cutting labor costs?

What would the world look like if, at some time in the next century, it replicated the United States in the percentages of population engaged in each economic sector - if, globally, only 3 to 6 percent ended up in agriculture, rather than the 50 to 80 percent in many developing countries today? Where would all those farmers and peasants have gone? To the cities? The insurance companies? The health care services?

Can we imagine a world of 8.5 to 10 billion people, the vast majority of whom are engaged in services? Would there also

be intense competition in this field as, say, lower-paid lawyers in India offer their services to customers in America or Germany or Australia? Just how far does

modernization and global competition go before it challenges every activity. every job, every practice?
Like national self-determination, laissez-faire in trade is a principle of which we generally approve. But do we want to push

this principle to its ultimate conclusion? Finally, perhaps the most politically explosive question of all: What are the implications of the continuing growth in world population, especially in poorer countries desperate to find jobs for their

adolescent populations? If each year we add another 95 mil-lion people to the earth's total, then each year we need to create an additional 40 million jobs globally. If we cannot

produce decent employment for mil-lions of young people in America, En-rope, Russia and perhaps now even Japan, what prospects do we offer to the emerging hundreds of millions of men and women in the developing world? And why should we be surprised, when

we project television programs like "Dallas" and "Brideshead Revisited" to the North African littoral or the Atacama Desert in Chile, that millions of young, ambitious people are planning to move toward richer, Northern countries in the

hopes of getting a job?
After all, why shouldn't they? This is an age in which virtually all of what the classical economists termed "the factors of production" are being liberated. Fi-nance, trade, intellectual property, patents, cultural programs, tourists, exchange students —everything is becoming part of a globalized system.

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But there is one factor of production that is not being allowed to roam across borders at will: labor, people, human beings. Isn't there a basic contradiction here? Isn't this precisely one of the greatest challenges that our global society faces as it doubles from 5 to 10 billion

people in the coming half-century?

The momentum of global integration has placed these issues of jobs and migration front and center. Marx once said that history only presents those questions for which its own development will yield answers. Let us hope

that, just this once, he was right. Mr. Kennedy, historian and the author of "The Rise and Fall of Great Powers" and "Preparing for the 21st Century," is and rreparing for the 21st Century, is co-director of the secretariat of an Independent Working Group on the Future of the United Nations appointed by UN Secretary-General Butros Butros Ghali. This

Cheer Up, Downsizing Is Good News for Some

TOS ANGELES -- Mattel Inc., which got its usual substantial share of Reeves family Christmas money for Barbie dolls and Disney stuff, announced the good news a week before Santa came: record 1994 profits projected, stock price up 19 percent for the year, laying off 1,000 of its 22,000 employees. "Analysts," said The New

York Times in a story on another triumph of American know-how, "described the Mattel layoffs as an attempt to

cut costs after a year of acqui-sitions and record profits." "It is a very good move," said one of the quoted analysts, Jill Krutick of Smith Barney. "This will absorb costs" for an expected move

into computer software "while

Wall Street.

tivity, downsizing front:

• The average chief executive in American corporations now makes 149 times the average factory worker's pay.

 The average pay rise was Uncritical Faith in High-Tech Progress

THE assumption in Washington is that while low-paying jobs are eliminated, new opportunities for high-tech jobs are created, jobs for which displaced textile workers, for example, can in theory compete. That optimistic assumption may be false, and the real outcome may be "catastrophic downfalls," in Edward Luttwak's words, for the losers in this new world order.

The press has paid scant attention to these losers in its enthusiastic acceptance of the "greater good" theories of the multinational corporations, the great financial institutions, the president and his Republican allies in Congress. There were a few lonely voices of dissent, but they were drowned in the avalanche of "news" hailing the great GATT triumph. It is a fact that for millions of workers, real incomes have

fallen in the last 20 years of profound technological change. - Richard Harwood, commenting in The Washington Post.

By Richard Reeves

allowing Mattel to continue their double-digit growth."
Goody, goody! I'm just crazy about analysts -- they cut out middlemen, who used to be called reporters. The news now is pure, with the business pages as enthusiastic and efficient conductors for analysts and other cheerleaders of the downsizing of the American middle class. News of Wall Street, by Wall Street and for

Here is more good news on the competitiveness, produc-

• Eighteen percent of American workers with fulltime jobs have earnings below the official poverty level. • Since 1973, the number of American children growing

up in poverty has increased by 50 percent. Most of those numbers are from Richard J. Barnet of the

to \$41,898 in 1992.

· 30 percent last year for the 23

the most American jobs.

CEOs whose corporations axed

• The corporate share of

American income taxes has

dropped from 23 percent of

the total at the end of the

• The median earnings of

the 2 million American men

between 45 and 54 with four

years of college fell in constant

dollars from \$55,000 in 1972

1950s to 9.2 percent now.

Institute for Policy Studies in Washington, author of "Global Dreams: Imperial Corpora-tions and the New World Order." Mr. Barnet, who might be called a "lefty" if anyone remembered the word, would obviously never make it at Smith Barney. Nor would be make it in

new American politics. Of the 2 million middle-aged college graduates with declining real income, all but 150,000 are white men - which explains something about the ironies of

last month's midterm elections. Most of those poor fools apparently believe that the problem is Bill Clinton.

Their problem, as defined by Mr. Barnet, is this: "Corporate executives disavow any special relationship to the United States and its people ... They are walking away from the enormous public problems that their private decisions create for American society."

It is, in fact, not even a problem anymore for Mattel or for Disney that those angry white men are not going to have much money to spare to buy toys for the grandchildren. (Michael Eisner, the chairman of Disney, made \$215,911,000 as the company floundered through the last three years.) Cheered on by analysts, corporations that were born in the U.S.A. are now more interested in new markets, particularly Asian markets.

Asia is, for instance, the future for U.S.-based hard liquor and tobacco industries, the latter operating on government subsidies paid by the white men who think Newt Gingrich and Jesse Helms are on their side,

Happy Holidays. Wait till next year. You can count on more good news for Smith Barney and the people who brought us Barbie.

Universal Press Syndicate.

When Russians Are Losing the Will to Live, It's Time for a New Deal

ALLENTOWN, Pennsylvania
— The Russian government
has given the people a holiday present. On Jan. I, the minimum wage will rise to a paltry \$14 a month. The government's promise is that the country will be back on the economic track in three years. No wonder an opinion poll last

month showed that 73 percent of the people do not trust the government — indeed, are afraid of it. And no wonder an apparent death wish, signified by a rise in suicides, is spreading across Russia — a macabre indicator that the economic revolution has taken a terrible turn.

According to today's statistics, which seem trustworthy, in the past two years 100,000 Russians have killed themselves. The suicide rate in 1993 reached 38 per 100,000 people, up from 26.5 in 1991. The rate in the United States is 12 per 100,000. Overall, 22 million Russians died in 1993 -360,000 more than in 1992. Deaths By Gennadi I. Gerasimov

exceeded births by nearly 800,000 in 1993, a time when there was no ar, plague or famine. Life expectancy during the fi-

nal years of the Soviet period was 64.5 years for men. 74 for women. Today's figures are 58.5 for men. 68.5 for women. By contrast, life expectancy for American white males is 72.7 years, for white women 79.4. What's going on? Elia A. Pamfilova, a former

minister of social security, becomes emotional when she talks about fathers committing suicide because they cannot provide their children with food and shelter. Many families can no longer

afford to set aside money for fu-nerals. Some bereaved families rent coffins, which have to be returned the day after the burial. While the death rate soars, the birthrate is plummeting. In 1987, 2.5 million babies were born in the Russian Federation; in 1993

Russian Democracy Has to Be Different

T NLIKE most of Eastern Europe, Russia has not experienced a

wholesale turnover of the political elite, there has been a protracted

battle between the executive and legislative branches of government.

Unlike the other countries in transition, Russia is a former empire

that has still not defined its relations with its neighbors and its character as a federal state. Very few countries with a living standard

of less than \$5,000 per capita a year have been able to operate as

democracies. Russia is less than halfway to this target, and has few of

the cultural traditions (such as a history of British colonialism) which

have enabled countries like India and Botswana to buck the trend.

Thus the prognosis for the future of democracy must be rather grim.

some sort of authoritarian regime. For all its flaws, the haphazard

democratization of Russia was the only way to rid the country of the

- Peter Ruland, commenting in the winter issue of The National

Interest, as quoted by The Washington Post.

None of this is to suggest that Russia would be better off with

each claiming to be the true guardian of democracy.

more or less clean break with the old system. Instead of a

the number was 1.4 million.

In developed countries, births may decline as a result of access to birth control and higher standards of living, which provide material benefits that married couples may prefer to children. But the current drop in Russia is too steep to be explained away. The bald fact is that children are becoming a luxury that many families simply cannot afford.

To comhat this growing sense of desperation and despair, the country needs to replace President Boris Yeltsin and his promises with the Russian equivaients of Franklin D. Roosevelt and his New Deal.

Many of the most outspoken supporters of economic reform question the efficacy of Adam Smith's "invisible hand" that regulates the free market. Rather, they wonder if a helping hand of the kind provided during Roosevelt's early administrations wouldn't be preferable.

The two need not be mutually exclusive. They certainly are not in the United States, whose example of free enterprise combined with federal and state safety nets should be followed by Russia.

Post-Communist Russia is being built with the hricks of capitalism -- free enterprise, private property. convertible currency. But we have neglected the mortar of social programs that help hold the bricks together. The resulting structure is shaky and in danger of collapse. To keep the new Russia to-

gether, we must supplement market reform with a kind of New Deal to soften the excesses of laissez-faire capitalism. If we don't, the birth pangs of reform will become a death rattle.

We need a type of Works Progress Administration to put people to work building roads and otherwise redeveloping our anuquated infrastructure.

We need a Civilian Conservation Corps to save many regions from ecological disaster. We need a Home Owners Loan

Corporation to ease crowded liv-

ing conditions.
The U.S. economy had hit bottom during the Great Depres-sion, yet Franklin Roosevelt found the money to finance those programs. In Russia, the state owned everything, and even today much of its wealth in land, natural resources, mili-

tary industry convertible to civil-

ian use -- can yield rubles to finance social reforms. In addition, it is time to finally establish honest rules of the game -- to stabilize our erratic legal system and tax codes and make our laws more rational and enforceable. For example, the state collects only 60 percent of the taxes it imposes. This is intentional, I suspect. It helps

the elite add money to power. Like his model, a Russian Roosevelt would be a committed capitalist who is not blind to the pain of the electorate.

The precedent is there: Russia has long experimented with new-ideas — from Peter the Great to: Lenin to Gorbachev to Yeltsin. And a New Deal would take the wind out of the sails of critics of : the government whose nationalist and populist messages are so tempting to a people in pain.

The irony of history is that to succeed with capitalism, Russia must borrow a little "socialism" from the United States,

The writer, spokesman for Mikhail S. Gorbachev when he was president of the Soviet Union, is a visiting professor of political science at Muhlenberg College. Re contributed this comment to The New York Times

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: The Turkish View ROME -- [From a special corre-

spondent: Armenian "atrocities" have begun to be made much of in the Italian papers, and there is a great deal of talk about freeing Christians from "the Mohammedan yoke" and so forth. As I thought that the Herald would like to have "the other side." I went to the Turkish Embassy here and from information I received there I was forced to the conclusion that the real object of those who started the agitation was to excite public opinion against Turkey. Exaggeration, pure invention, lies - were some of the words adopted to describe the

1919: War on Cigarettes

methods used.

NEW YORK -- The Presbyterian Church has begun a movement for the world-wide abolition of

the cigarette. It has also set aside \$50,000 to support the fight against foreign brewers and distillers, and is sending the Rev. John Steele, the associate secretary of the Board on Temperance. and Moral Welfare, to Great Britain to support the fight for prohibition. The cigarette, says the Board, has become firmly entrenched during the war, and is to be a special object of attack.

1944: Churchill Unhurt

ATHENS - Prime Minister Winston Churchill had a narrow winston Churchili had a narrow escape last night [Dec. 27] when a shower of machine-gun bullets, apparently aimed at him and the party with him, chipped holes out of a wall barely thirty yards from where he was manding at from where he was standing at the entrance to the British Embassy. A girl who was crouching close to a wall was reported to have been killed.

comment has been adapted by the Interna-tional Herald Tribune from a longer essay distributed by New Perspectives Quarterly.

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OPINION

Alternative Diplomats Like Carter Can Have Their Uses

WASHINGTON — Why does the Washington establishment bave such a distaste for Jimmy Carler, America's most prominent living ex-president? After all, here is a man who builds housing for the poor, writes poetry, stays with the same wife and actually cares about peace—making a major personal effort to bring it about ing a major personal effort to bring it about in several difficult situations.

Under the Clinton administration, he has been responsible for major diplomatic breakthroughs in North Korea and Haiti. In Bosnia, be may actually have nudged the Bosnian Serbs closer to the negotiation fa-

When governments demonize one another, there are limited diplomatic opportunities unless some importial third party like

ble, although the results will not be known for several weeks.

Jimmy Carter takes the initiative.

The reaction of official Washington could not be more apoplectic. The Washington Post denounced Mr. Carter in two successive lead editorials. Former Secretary of State Lawrence Eagleburger suggested that the former president might ruin a policy that bad been almost irreparably ruined during Mr.

Eagleburger's own tenure in office.

The Clinton White House tried to have it both ways. Publicly it wished Mr. Carter well. Privately, White House officials informed journalists, of course anonymously,

of their dissatisfaction with Mr. Carter's trip, suggesting that he was naive and being used.
One facile explanation for the intense

By Charles William Maynes

hostility to Mr. Carter might be that because so many officials in the capital city do little to help the poor, are incapable of rhyming one word with another, acquire a trophy wife with the next highest office and do little for peace except raise the defense budget, they have little time for someone who displays the other virtues.

But there appear to be two serious reasons for the hostility. One is that the former president's activity exposes the erosion of the imperial presidency, to which the Carter critics from both parties, and even many members of the press, are deeply devoted. The other is that any success he has only reveals the utter bankruptcy of the policies of the Bush and Clinton administrations in such

places as North Korea, Haiti and Bosnia. The imperial presidency began on Dec. 7, 1941, and continued until the fall of the Berlin Wall. During that time the U.S. government operated in a state of national emergency. Fear of another holt out of the blue, this time perhaps with nuclear weapons, caused the American political class to concentrate enormous power in the hands

of the presidency. Unlike most other world leaders, the American president alone has the power to make the decision to go to war. Because of what was regarded as imminent danger, the president was also permitted to surround

decision-making with elaborate secrecy. In this system, the government operated like a monarchy in the field of foreign affairs. The president became all-powerful and, because of secrecy, all-knowledgeable. His counselors, in turn, became the king's privileged advisers, quick to denounce any opposition to the president's policies as

country taced. Media pundits cooperated. Their authority depended on their access to the monarch and his privileged advisers with knowledge of state secrets.

In a post-Cold War world, with economics replacing politics as the core subject of foreign policy, such attitudes may be out of date. The imminent danger is gone. So is the rationale for the concentration of power in the bands of the presidency. So is the justifi-cation for extreme secrecy.

In these new circumstances, the old American tradition of citizen diplomacy is beginning to reassert itself - and no one has exploited the new opportunities more bril-liantly than Jimmy Carter.

American history is replete with the efforts of citizens to "improve" on the policy of their government. The practice began in 1798, when George Logan, a friend of Thomas Jefferson, went on his own authority to France to secure its accord with the United States. He had some success, but reaped criticism from Jefferson's friends. The U.S. Congress then passed the Logan Act, which provided punishment for any citizen who. without authorization, tried to influence the conduct of a foreign government toward the

United States in periods of controversy.

Today more than 1,000 U.S. state and local governments are conducting their own foreign policies, according to research carried out by Michael Shumann of the Institute of Policy Studies. Their efforts forced the Reagan administration to shift its policy toward South Africa, provided sanctuary to illegal aliens fleeing the civil wars of Central America and pressed the cause of buman rights in various dictatorial governments. This movement toward "local foreign policies" is so large that it cannot be stopped.

Mr. Carter, then, is only the most prominent of a growing number of Americans

attracted more attention both because he is a former president and because be has cho-sen the most difficult cases. He has moved where the U.S. government has pursued such an inept diplomatic course that it left the country with few options other than force

when the country was unwilling to go to war. Thus, the Bush and Clinton administrations demonized the North Korean, Haitian and Bosnian Serb leadership, to the point that Washington had no effective diplomanc contact. Yet it was left with a strategy that assumed diplomatic contact because its allies in Seoul and Tokyo were unwilling to wage war against North Korea, the U.S. Senate was unwilling to support an invasion of Haiti, and the American people were unwilling

to occupy Bosnia.

Mr. Carter bas brilliantly exploited these contradictions to create a unique diplomatic role for himself. Those who criticize him should ask whether there was an alternative. Was the government, in each case, not in a position where it wanted to shift course but for political reasons found it difficult? Indeed. when governments demonize one another. there are limited diplomatic opportunities, unless some impartial third party like Mr. Carter takes the initiative. Thus the diplomatic breakthrough between Israel and the PLO was due to two Norwegian sociologists rather than to the U.S. secretary of state.

Administrations must learn to exploit these private efforts rather than resist them. If Mr. Carter comes up with proposals in Bosnia that trouble Washington, any administration should be strong enough to say "no." But it should also be wise enough to accept a diplomatic opening if one develops that it did not expect and that a former president helped create.

Mr. Maynes, editor of Foreign Policy, converging on disloyalty, given the danger the participating in the policy process. He has tributed this comment to the Los Angeles Times.

A Leisurely River Voyage For a Father and His Son

By Jim Hoagland

hopes and passions for Clinton, Gingrich, Yeltsin, Tonya & Nancy, the baseball owners and Alan Greenspan slaked or in ruins. For Lee Hoagland and his father, it was the year of voyaging on the Missis-sippi with Huck and Tom. We never left the makeshift read-

ing corner of our new house. But we took an extended journey of explora-tion; a 9-year-old brushing against

MEANWHILE

the contours of great literature and an adult male who finally fully experienced two great adventure stories that had been bypassed for a lifetime.

This is the holiday season in which parents relive their past or enjoy experiences they never had through the childhood of their children. Reading Mark Twain's "The Adventures of Huckleberry Finn' and then circling back to Tom Saw-yer's exploits as bedtime stories for Lee enabled me to recreate and enrich my own childhood.

The power of words and ideas came first to mc on the knee of my grandfather, who read the comics and then Uncle Wiggily tales and other kids' lit to me. Soon thereafter I got my first passport - a member's card for the York County, South Carolina, Public Library — and was racing through books that told me what life in New York City, Paris or the Yukon was like.

The eagerness to move beyond the confines of the poor, rural South in the 1950s explains in part why Twain was an author whom f neglected and my teachers seemed happy to mar-ginalize. Softened a bit, Huck's childhood and conflicts with "Pa" were not unlike the lives of some of my classmates. Add to that early forced reading of "Pudd'nhead Wilson." a Twain work not up to his master-pieces, and my lack of enthusiasm for life on the Mississippi may be clearer.

There was a reverse political correctness in our neglect of Twain. We resisted reading Twain, and William Faulkner, and most serious Southern writers of the time, because they were too accurate and graphic about the destructive forces that held the South in thrall. We understood that Twain's works mocked and undermined the Old South's theories of white supremacy and segregation in ways that those who want to take Huck Finn out of schools and libraries today do

not seem to recognize. They fear that Twain's use of the

WASHINGTON — Remember crimination will be misunderstood by 1994 as you will, with your children. Their campaigns lump children. Their campaigns lump Huck in with other objectionable books" that must be removed from school reading lists and library shelves within the reach of the young.
In the January issue of "Civilization," the Library of Congress magazine, Lance Morrow admirably de

fends Huck and his creator. To restrict J. D. Salinger's "Catcher in the Rye" or Maya Angelou's "1 Know Why the Caged Bird Sings" is "bush-league intellectual folly, mere vigilante provincial-ism," he writes. "But it is an act of real moral stupidity, and a desecra-tion, to try to deprive the young of

the voice of Huck Finn." Mr. Morrow does not deny that there is a problem. It can be overcome by making sure that Huck Finn is "intelligently taught and under-stood." He suggests that the teaching of Huck be accompanied by texts that "serve so to speak as moral out-riggers," such as "Narrative of the Life of Frederick Douglass" and "Was Huck Black? Mark Twain and African-American Voices," by Shelley Fisher Fishkin. That is a little more than Lee and f had in mind for bedtime reading. Instead, I substitut-ed "slave" for the racial hate word that Twain employs so prominently, and inserted brief history on slavery and discrimination where irony and satire might have been missed.

But f had to do little explaining. As Mr. Morrow's essay suggests, the young get the strong moral values communicated by both Huck and Tom. When Huck debates the justice of setting Jim free vs. the law of keeping him enslaved, Lee knew what decision Huck had to make and why. And he was urging Tom to risk turning in Injun Joe for murder long before Twain had Tom do just that.

Ernest Hemingway described Huck Finn as the source of modern American literature. What I discovered in middle age was bow well Huck and Tom hold up as magnificent boys' adventure stories. Lee, who grew up in Washington and Paris and wbo will tell his children that he once chipped cement from the Berlin Wall, found the Mississippi as exotic and distant as we in South Carolina found mid-century Europe.

"Instead of banning Twain's novel, we should teach youngsters bow to appreciate it." Mr. Morrow writes. Better yet, in 1995: Read them Tom and Huck at bome. They will understand Twain better. You will find that climbing on the raft is a tremendously rejuvenating journey.

The Washington Post.

LETTERS TO THE EDITOR

Free Trade and Jobs

Regarding "Trade With Develop-ing Countries Is Good Business" (Dec. 21) by Peter D. Sutherland:

Mr. Sutherland's article makes its case lucidly. However, it does not come to grips with the reason wby special-interest opponents of trade liberalization in rich countries can generate mass political backing.

As free trade theory asserts, trade bberalization does tend to equalize factor prices, including wages of unskilled labor. That has been documented. Even though automation probably has a much larger impact on depressing opportunities for and wages in -- low skill jobs, it is imports that are the practicable taret. Calling for a ban on transistors would be viewed as patently absord; restricting garment imports from Hong Kong or Sri Lanka has a su-

perficial plausibility.

The problem with asserting that free trade means, at least in the medium term, more jobs in highskill, high-wage economies is that the net increase involves much larger totals of both new and lost jobs. Those bolding the latter fear, usually correctly, that they will not win new and better jobs. Some estimates of the impact of the North American Free Trade Agreement on U.S. employment over a decade show a net gain of up to a million - but also

3,000,000 jobs lost. None of this contradicts Director-General Sutherland's warning that protectionists cannot "explain ... how a society makes itself richer by incurring annual costs that are a large multiple of the annual wages of the jobs protected." The

same applies to Ludditc opposition to technological change.

But for those facts to be meaningful to people who -- correctly -perceive their incomes and jobs at risk requires more than macroeconomic analysis no matter how accurate. It requires investing some of the gains from free trade (and enhanced technology) in training, retraining and generous compensation for the loss of work and/or early retirement.

The programs in these areas today —whether in the Britain, the United States or Continental Europe - are not credible to those at risk.

Nor can one expect "the market" to solve this problem. The gains generated are not readily related to any single enterprise or group of consumers. Therefore, they are a logical area for state action.

Free traders should be the first to are trying to take their livelihoods articulate and advocate such action. and occupations away from them. Failure to do so guarantees continued broad-based support for protectionist pleas, bowever self-seeking allows people to engage in lawful the mobilizers and however wrongactivities without interference from headed their macroeconomics.

> REGINALD H. GREEN. Lewes, England.

Hunters and Saboteurs

Regarding "Who's Chasing Whom in Fox Hunting?" (Dec. 20):
The writer suggests that "bunting

is still the preserve of the aristocracy." In fact, people from all walks of life hunt, regardless of social background. It is part of the social fabric of country life. Indeed, country people, gamekeepers, loaders, pickers-up, and others have often physically assaulted the saboteurs, who they feel

Business and Politics

Regarding "France Cuts Candidates' Spending" (World Briefs, Dec. 17): If only we Americans could moti-

To refer to the new Criminal Jus-

tice Act as "draconian" because it

thugs is to turn logic upside down.

D. P. MARCHESSINI.

vate the House and the Senate to do as the French National Assembly did and bar business from financing politics, maybe we would be able to get the country back in working order. JAMES B. FLEMING.

Obersteigen, France. N-word and his subtle attack on dis-

GENERAL NEWS

Bosnia Foes Fail to Back Truce

United Nations commander in Bosnia met Wednesday with warring parties in the country's scuttle the longer truce.

northwestern corner but failed to secure guaranGeneral Rose secured ices that the latest fragile truce would be respected.

An aide to Sir Michael Rose said the British licutenant general got only a verbal commitment from the leader of rebel Muslims pressing their attacks on government positions in the Bihac enclave and less than that from the commander of the government troops.

Bosnian Serbs and the government agreed last Saturday to stop fighting as they work on a more comprehensive four-month truce scheduled to take effect Saturday. But if General Rose fails to stop fighting in the Bihac region, prospects would be dim for setting up that cease-fire.

Serbs from neighboring Croatia and renegate

Bosnian Muslim fighters led by Fikret Abdic have joined forces to dislodge the Bosnian Army from the UN-designated "safe area."

China Reports Big Rise

In Narcotics Smuggling

The Associated Press BEIJING — Trafficking in heroin and other illegal drugs has increased sharply in China in the past year, part of a growing problem of smuggling, an official report said

Wednesday.

The report, published in the China Daily newspaper, said China was making a renewed attack on smugglers, who are

armed and equipped with high-speed getaway boats in coastal

areas. It also was an indication of growing problems with illegal drugs.
China's Communist government virtually wiped out illegal

drugs, particularly opium, after the 1949 revolution. In recent years of growing trade and opening to the outside world,

bowever, drugs, prostitution and other vices have returned.

Customs officials seized 130 percent more illegal drugs in

1994 than the previous year, the paper said.

Border police seized a record 4.5 metric tons of drugs,

mostly heroin, and more than 200 kilograms of a chemical used to produce the amphetamine known as "ice," the report

used to produce the amphetamine anown as ice, the report said. Overall, authorities uncovered nearly 22,000 smuggling cases through November this year and seized a record 4.53

They did not sign the cease-lire last Saturday. SARAJEVO, Bosnia-Herzegovina — The The government insists they are aided by Bosni-Inited Nations commander in Bosnia met an Serbs and bas warned that the attacks could

> from Abdic, although nothing was signed, to abide by the cease-fire of Dec. 23," said Captain Jeremy Bagshaw, an aide to the general. Brigadier General Atif Dudakovic, the Bosnian commander, said only that he was in favor of

General Rose secured a "verbal agreement

the truce but would have to check with the Sarajevo government, the aide added. Despite the meager results of General Rose's mission, Captain Bagshaw said things were "still

looking good" for the signing of the new truce.

The UN commander will travel to Knin, the headquarters of Croatia's rebel Serbs, on Thursday to try to get them to stop fighting in Bihac. General Rose's party also secured agreement

from the Bosnian Serbian leader, Radovan Karadzic, to order his forces to end missile and artillery attacks on Bosanska Krupa, a govern-ment-held town in Bihac, Captain Bagshaw said.

Attack Destroys

Kashmir Building

The Associated Press

four decades, was destroyed by

Authorities said they be-

beved the fire was set by Mus-lim separatists, and police cor-

doned off the area to search for

suspects. The three-story wood-

en building at Patharmasjid in Srinagar, the state's summer

capital, was occupied by the

National Conference party that

governed Kashmir until a Mus-lim rebellion for independence

are discriminated against in In-

dia, which has a Hindu major-

Kashmiri Muslims say they

fire Wednesday.

crupted in 1990.

Israel Sets Review of Settlement Expansion

The Associated Press

JERUSALEM - Prime Minister Yitzhak Rabin ordered a review of plans to expand a Jewish settlement in the West Bank after Palestinians protested it breached the fsrael-PLO peace accord, officials said

Wednesday.
Attorney General Michael
Ben-Yair will probe the legal
background of the disputed settlement, said a spokesman for Mr. Rabin.

He said that Mr. Rabin hoped to bring a legal opinion to his cabinet for a vote Sunday on the expansion.

The dispute erupted Thursday when the Jewish settlement of Efrat in the Israeli-occupied West Bank sent buildozers to pave a road to the barren hilltop area for a new neighborhood.

Since then, Palestinians and SRINAGAR, India — One of Kashmir's most bistoric buildings, the headquarters of the political party that governed the disputed province for the political party that governed the disputed province for the political party of the party fsraeli peace activists bave clashed daily with Israeli troops protecting construction work-

on the issue Wednesday eve—
1980s.

Yasser Arafat, the chairman ning.
of the Palestine Liberation Or—
Efrat, a settlement of 5,000, leaders of Egypt, Syria and Sauganization, has spoken to Forwas built in 1981 about 20 kilodi Arabia met Wednesday in
President Hosni Mubarak.

Sources in Cairo, who mistaded on anonymity said Syria

Alexandria, Egypt, to discuss issue twice since salem.

Continued from Page 1

era technology and will not be

placed in service for several



A Palestinian plowing Wednesday, while on the hillside behind him a bulldozer can be seen on the disputed land.

fat's self-rule cabinet would marked for Efrat by a conserva- Egyptian government offi- are rising over such Gulf na- the Gulf states.

about the issue twice since salem.

issues ranging from fsraeli vided between nations that suphoped to seek a unified position
Tuesday, Palestinian officials
Settlement officials say that peace prospects to divisions ported and opposed Iraq in the on relations with fsrael through
said. They added that Mr. Arathe plot in dispute was ear- caused by the Gulf War.

1991 Gulf War. Tensions also Fahd in his role as a leader of

convene in emergency session tive Likud government in the cials declined to provide details tions as Oman and Qatar mov-

billion yuan (\$530 million) worth of contraband.

Compiled by Our Staff From Dispatches

to quit.
The resignation was the climax of a ninemonth political standoff, which saw opposition legislators boycotting Parliament in a bid to

tration into stepping down. The main opposition leader, Sheikh Hasina

the speaker of Parliament, Sheikh Razzak Ali. that last-minute efforts to avert the resignations

At the meeting, Sheikh Hasina proposed a legal framework for elections to be beld under a

We tried, but we have no choice but to resign to uphold democracy and people's right." Sheikh Hasina told supporters of her Awami League. Hundreds of riot police and paramilitary

(AFP, Reuters)

plane is nearing production came in November in a British aviation publication, Flight In-

Marvin Klemow, vice president for government affairs of Israeli Aircraft industries International, the Washington sub-"The plane is in the prototype stage; the prototype has been built," a U.S. official said. sidiary of Israel's state-owned export firm, denied that his company had transferred American technology to China. "It is a very capable aircraft. It uses extensive U.S. technol-Mr. Klemow would not say

whether his company is provid-ing China with other, non-American aircraft technology The official said the combat fighter will be ready for flighttesting in about a year, and will from the Lavi project. "We nevbe in full service in China's air er confirm or deny who we do force about a decade from now.

The plane, which China intends to call the F-10 fighter. rael were working together on a represents the latest in a prolonged effort by Beijing to obtain modern combat planes and

own soil.

Air Force to develop and produce the plane under a contract signed in 1992. Over the past 15 years, China has established itself as the biggest customer for Israel's arms export industry. The first public demonstration of this coopera-

tion came in a Chinese National Day parade in 1984, when foreign military attachés in Beijing were surprised to find Israeli guns, cannon and electronic equipment mounted on Chinese

U.S. law forbids Israel to pass on to another country any military technology obtained

Any company that violates According to Flight Interna-tional, officials of Israel Air-from doing military business in

guide the way for the Chinese prove conclusively that U.S. technology has been re-exported, because a foreign government or company can claim that it has changed the American technology or has produced something similar on its own.

ADDIS ABABA, Ethiopia --

LAVI: Israeli Sale of Warplane Technology to China Troubles Washington Attack on Train But the first report that the to be able to make them on its directly from the United States. Kills Egypt Guard

The Associated Press
CAIRO — Suspected Mushim extremists shot at two pas-

senger trains in southern Egypt, killing a police guard and wounding another, police said. An Interior Ministry statement said one attack took place in Qena, 465 kilometers (290 miles) south of Cairo, on Tuesday night. Gunmen shot at the

local train as it slowed down at a road crossing. A police guard, Fuad Fahim Abul Hassan, was killed and a second guard was wounded.

Police sources said that suspected extremists also shot at another train on Monday night,

the government.

Rebel Lawmakers Quit in Bangladesh

DHAKA, Bangladesh — Bangladesh's oppo-sition legislators resigned from Parliament on SHOUL JESTSHOUTS TESTSHOOT THOUS PARTISMENT OR Wednesday night in the latest and most dramatic move in their campaign to force the government

pressure Prime Minister Khalida Zia's adminis-

Wazed, said after emerging from a meeting with

neutral caretaker government to be headed by President Abdur Rahman Biswas.

troops with water cannons guarded Parliament.

business with," he said. For several years, there was speculation that China and Isnew plane based on technology

from the Lavi project.

ternational.

U.S. officials confirmed that report in recent interviews.

craft Industries have belped the United States.
But it is often difficult to

UN Refugee Worker Is Slain

The United Nations refugee agency said Wednesday that unidentified gunnen killed an Ethiopian member of its staff in a southern town on the border with Kenya.

There were no casualties. Muslim extremists are waging a violent campaign against

HEALTH / SCIENCE

What Did In Dinosaurs?

One, Two Knockout Punch Gains Credence

By William J. Broad New York Times Service

EW YORK - In the last decade or so two main schools of thought have clashed furiously over the question of what did in the dinosaurs. One school bolds that a massive object from outer space slammed into the Earth, kicking up a worldwide pall of dust that blotted out the sun and killed off many plants and animals. The other school prefers to seek the cause of the global mayhem in natural processes like big volcanic eruptions.

Each side has accumulated a lot of evidence to support its case, though lately the advocates of an asteroid collision seem to have had the upper

It posits that a speeding rock from outer space, exploding on collision with the force of millions of hydrogen bombs, would have shot gargantuan shock waves through the Earth. The waves would have coalesced at the side opposite to the impact crater, an area known as the antipode, breaking the ground there and heating it and triggering huge volcanic outflows. Both the impact and its repercussions in the other hemisphere, the theory goes, would have contributed to the mysterious decline of the dinosaurs and many other species some 65 million years ago.

Antipodal volcanism, as the theory is sometimes called, was first discussed in relation to the dinosaurs in the early 1990s and is now taking on and his colleagues had found unusually large new weight as computer modeling begins to sug-gest its plausibility and as planetary scientists keep laid down about the time the dinosaurs died out, finding apparent examples of it in the heavens.

Dr. David A. Williams and Dr. Ronald Greeley of Arizona State University recently reported in the journal learns that the largest impact basin on Mars, Hellas Plenitia, is antipodal to Alba Patera, an eruption that sprawls for nearly 1,000 miles (1,600 kilometers) across the Martian surface and is the largest volcano in the solar system.

verberations at the antipode were strong enough

to tear open fractures more than 10 miles deep. perhaps helping to trigger a titanic flow of lava.

As for the Earth, a team of scientists at the Sandia National Laboratory in Albuquerque, New Mexico, recently used a powerful computer to simulate the damage a speeding asteroid some six miles in diameter — the estimated size of the dinosaur killer -- would have wrought at the

They discovered that the crust there would have heaved as high as 60 feet (18 meters) in a series of catastrophic tremors. In comparison, the ground at the great San Francisco earthquake of 1906 moved a few feet at most.

impact's antipode.

"The Earth acts like a lens," said Dr. Mark B. Boslough, a Sandia physicist who is leading the simulation effort. "It focuses the energy. There an asteroid collision seem to have has been a lot of speculation about this in has been a lot of speculation a show where the energy actually goes."

Dr. John T. Hagstrum, an early advocate of the theory who works at the U.S. Geological Survey in Menlo Park, California, cautioned that antipodal volcanism was far from proved.

"It explains a lot of coincidences," Dr. Hag-strum said. "I think it has merit. But it could fall flat on its face. Right now, I'm waiting for the smoking gun. I'd call the whole thing intriguing."

HE idea that a doomsday rock did in the dinosaurs was first proposed in 1980 by Dr. Walter Alvarez, a geologist at the University of California at Berkeley. He at the end of the Cretaceous period. They pro-posed that the iridium came from a cosmic

A weak link in the theory was the lack of a crater of the correct size and age. But then scientists identified a giant scar more than 100 miles across on the northern edge of the Yucatan Peninsula in Mexico, long buried by erosion and Moreover, they calculate that the impact's re-sedimentation. It is now the leading candidate for the impact crater.

New Extinction Theory: Double Jeopardy

Some scientists now theorize that the consequences of both a meteorite impact and a great volcanic eruption were to blame in the extinction of the dinosaurs 65 million years ago. A cross section of the earth shows scientists' simulation of possible patterns of shock reverberations from the impact of a large, highspeed object hitting the surface. The earth, acting like a lens, refocuses the energy on a line drawn through the corresponding point at the

opposite side, or antipode. The scientists conjecture that the great energy of these reverberating shock waves, taking about 80 minutes to reach the antipode, could have set off a great volanic event there. Below, a schematic representation of the effects of impact of an asteroid 10 kilometers (about 6 miles) across, in the first seconds after the impact. The impact itself would have produced sun-obscuring clouds of debris, while the

volcanic eruptions would have released an aerosol of chlorine, sulfur dioxide and carbon dioxide and a cloud of deadly ash and debris, severely disrupting the atmosphere. The result could have spelled doom for the dinosaurs and many other species.

Sources: Dr. M. B. Boslough, et al/Sandle National Laboratories







IN BRIEF

U.S. Agency Approves Lung Cancer Drug

WASHINGTON (AFP) - The U.S. Food and Drug Administration has approved a new drug. Navelbine, that increases the lifespan of patients suffering from incurable lung cancer. The drug, a semisynthetic derivative of the vinca flower family, prevents cancer cells from multiplying by fusing together an integral part of the cancer's internal skeleton, said Dr. John Hohneker, an oncologist from Burroughs Wellcome Co., the drug's developer,

Weight Training Can Help Avoid Fractures

CHICAGO (AP) - Forty minutes of intensive weight training twice a week can help older women avoid the devastating hip and spine fractures that are linked to thinning bones, researchers said. The findings, which were published in The Journal of the American Medical Association, show that post-menopausal women who followed this regimen for a year built up their bones, increased the size and power of their muscles and improved their balance.

Doctors in Nepal Conquer New Strain of Diarrhea

By Daniel Goleman New York Times Service

ATMANDU, Nepal — This is a tale of the little clinic that could. It involves a tainted head of lettuce in the refrigerator of a British diplomat and a newly discovered disease that afflicts travelers around

The disease begins with severe diarrhea, nau-sea and stomach cramps, then progresses to weeks of debilitating fatigue and loss of appetite. Victims routinely lose as much as 15 to 20 pounds (6.8 to 9 kilos). Travelers to warm climes seem particularly susceptible.

The disease perplexed physicians at Cook County Hospital in Chicago, where an outbreak in 1989 was the first reported in medical literature. It puzzled epidemiologists at the federal Atlanta, who over the next several years gathered reports of outbreaks from countries as diverse as An early clue to the cause of the new disease slide of the mysterious organism along with de-will be published early next year in The Lancet.

Katmandu, where some members of the medical staff and their families came down with the disease. So did 40 percent of Peace Corp volunteers one year as they trained for stints in Nepal and 9 percent of the 250-member American diplomatic community here. During the warm months, the disease accounts for up to 25 percent of all traveler's diarrhea cases treated at the clinic.

No one knew what caused the disease, how people got infected or the cure. But the main answers were all to come from the Ciwee Clinic

The definitive work has been done here," said Dr. Robert Scott, an infectious disease specialist with the Armed Forces Research Institute of Medical Science. Based in Bangkok, Dr. Scott Centers for Disease Control and Prevention in virulent form of E. coli bacteria that is the most common cause of traveler's diarrhea.

Morocco, Peru and New Guinea, and among AIDS patients in the United States.

And it mystified the doctors at a small clinic in what at first looked like a bit of pollen in stool ism had been identified with the outbreak at Cook specimens of patients with the disease.

"Rajah was seeing an unusual organism in samples from patients who all complained of extreme fatigue, poor appetite and weight loss, indigestion and diarrhea," said Dr. Gregory Rabold, a physician at the clinic. "But this was not the usual traveler's diarrhea - these people just didn't get any better. It went on for weeks and weeks, and showed no signs of the usual causes: no bacteria, no giardia, no amoeba. This disease was a new entity.

The organism resembled cryptosporidium, the protozoan that gained notoriety last year by infiltrating the Milwaukee water supply, causing an epidemic of stomach ailments and possibly

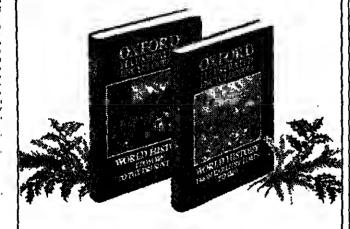
Dr. David Shlim, director of the clinic, sent a

County Hospital. Traveling to Katmandu to investigate, Dr. Long isolated the organism on a head of lettuce in the refrigerator of a British diplomat who had come down with the disease. The group in Katmandu was the first to define the disease associated with the organism," he said.

In 1993 a report in The Lancet told of an AIDS patient with cyclospora who responded to treatment by Bactrim, an antibiotic once routinely used to treat diarrhea but in recent years abandoned because most organisms that cause diarrhea had become resistant to it.

With that report in mind, and under the leadership of Dr. Charles Hoge, an epidemiologist at the Armed Forces Research Institute of Medical contributing to 40 deaths. But the new organism Science in Bangkok, Dr. Shlim and the other was at the clinic to plan a vaccination trial for a was twice the size and fit no known description. physicians at the clinic conducted a carefully virulent form of E coli bacteria that is the most "It was a curiosity," said Dr. Rajah. physicians at the clinic conducted a carefully designed trial of Bacteria and those infected with cyclospora. The medication worked; the results

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BRIDGE

suitable gift for any bridge A suitable gat ton any analytical player is a magazine subscription. There are six major English-language magazines, all of which have tournament reports and technical articles.

By Alan Truscott

European Bridge - 65 years younger than The Bridge World and Bridge Magazine - first appeared in October, with 26 contributors from 15 different countries. The Bridge World countries. The Bridge World and Bridge Magazine can be ordered from The Bridge World, 39 West 94th Street. New York, New York 10025. European Bridge can be or-dered from Munkegatan 12 D, N-3110 Tonsberg, Norway.

One contributor was Berry Westra, a Dutchman who won the world team title in Chile 15 months ago. He invited readers to solve the problem of the trump queen on the diagramed

Cover the East-West hands, and plan the play in four hearts. The spade nine is led, and East takes the queen and ace. He shifts to the diamond four, and you play the ace, on which West drops the jack. What now?

Both opponents have passed, suit with a K-Q-J holding.

So East began with at least 11 high-card points in spades and diamonds. If he had the heart queen he would have opened bidding, so South must play West for that card.

	NO! \$ 105 \$ K 10: \$ 1653 \$ A Q J	2
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	SOU? \$ 14 \$ A 16; \$ A 8 5 \$ K 5	ПН

so neither is likely to have more than 11 high-card points. East's spade play indicates that he be-gan with A-K-Q. He must have the king or queen of diamonds, since West would have led that

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Virus That Acts Like a Cold

By Jane E. Brody New York Times Service

EW YORK — By the age of 3, most children have had at least one respiratory infection caused by a virus that few people have heard of and fewer still take seriously.

It is respiratory syncytial virus, or RSV, which was first discovered in chimpanzees in 1956 but was soon recognized as a nearly universal cause of a cold-like illness

Regardless of its relative obscurity and usually benign nature, RSV is not an organism to be taken lightly. An RSV infection can result in serious, even fatal, respiratory illness when it infects very young infants or any children with medical conditions like congenital heart or lung disease or respiratory damage after premature birth. RSV, a highly contagious virus, is the

leading cause in young children of severe lower respiratory illness — bronchiolitis and pneumonia - which often requires hospital treatment.

Each year, 90,000 children are hospitalized with RSV, and the virus is responsible for an estimated 4,500 childhood deaths. It can be a very expensive illness, costing more than \$5,000 a day to treat infants who need respiratory assistance and a total of \$77,600 for a two-week hospital stay.

In addition, after recovering from RSV, some children develop an asthmatic condition that can persist throughout childhood and occasionally into adulthood.

Adults too sometimes become very ill with an RSV infection. In most adults, the virus causes a mild respiratory infection that is clinically indistinguishable from any other common cold.

any other common cond.

But British researchers reported last year that in elderly people RSV might be as important as influenza viruses in causing serions and even fatal respiratory illness.

The virus's symptoms in the elderly often mimic those of influenza, Dr. D. M. Fleming and Dr. K. W. Cross of the Birmingham Research Unit in England reported in The Lancet.

ported in The Lancet. In fact, the researchers suggested that

RSV infections might be one reason flu vaccine appears to be less effective in older people; such people may think they have the flu but actually have RSV.

The "season" for RSV infections in the temperate northern hemisphere starts in December, peaks in January and February and peters out in April.

Dr. Susan Brugman, a pediatric pul-monologist at the National Jewish Center for Immunology and Respiratory Medicine in Denver, said RSV typically started like any cold: in the upper respiratory tract, causing a runny nose, slight fever

and fussiness. But the infection can then move into the lower respiratory tract - the bronchioles and lungs. She explained that although "the majority of babies are not at risk of developing severe RSV, infants un-der 6 months of age have much smaller airways that are more likely to become plugged up, making breathing difficult."

Dr. William Gruber, a specialist in pediatric infectious diseases at Vanderbilt University in Nashville, Tennessee, said the virus spread to the lower respiratory tract in about 20 percent of infected children.
Signs of such spread include wheezing, a sinking of the chest between the ribs when the child inhales, rapid breathing and halted breathing for periods of time.

Dr. Brugman cautions parents to be on the alert for a serious infection. "The infection has become severe if the baby begins to breathe faster, has difficulty breathing, wheezes and coughs and stops drinking

fluids," she said. Babies with such respiratory symptoms should always have their blood checked to see if they are getting enough oxygen. Even if the baby does not look blue, more oxy-

gen may be needed, Dr. Brugman said. Although a 20-minute antibody test for the viral infection can be performed in a doctor's office, the test is complex and the diagnosis of RSV is more often made in a hospital laboratory, Dr. Gruber said.

BOOKS

THE RUIN OF KASCH

By Roberto Calasso. Translated from Italian by William Weaver and Stephen Sartarelli. 385 pages. \$24.95. Harvard University Press.

Reviewed by Steven Moore

T EN years ago I attended a lecture by the Italian literary theorist and novelist Umberto Eco that began with a simple thesis that grew progressively more complicated as he took us on a whirlwind tour of his encyclopedic mind. Just when the argument was off in some Ultima Thule of a subdigression, seemingly leagues away from his starting point, Eco suddenly, like a magician tapping on a knot, pulled his line of reasoning free and all became clear. His countryman Roberto Calasso performs a similar feat in his new book, an intellectual tour de force that "Love's Body" or Robert K. God-centered universe, tradi-

begins and ends with a consideration of Talleyrand's place in European intellectual history but includes just about everything imaginable in between.

Calasso's previous book in

English translation, last year's "Marriage of Cadmus and Harmony," was a hybrid of Greek mythology and cultural analysis. His new book (though written carlier than "The Marriage") is a similar hybrid of history, economics, anthropology, theology, metaphysics and philosophy. with digressions into everything from Vedic mythology to literary criticism. It doesn't resemble a straightforward study in any of those fields; instead, Calasso strings together hundreds of anecdotes and quotations (cited in 25 pages of notes at the end) along with his own annotations and observations. The result resembles such awesome compen-diums as Frazer's "Golden

Merton's "On the Shoulders of Giants.

in "The Ruin of Kasch" one finds material from the "Rig Veda" and "Upanishads," through Sade, Balzac, Melville. Marx, Frazer, up to Kafka and Simone Weil (When was the last time you read a book that discussed Porphyry's "De Abstin-entia" and cited the "Laws of Manu" on the same page?) There are discussions of fascinating but little-known figures. Curious anecdotes and asides

The challenge is to follow the arguments through ever-widen-ing circles of digression. Ca-lasso is concerned with the civilization's movement from ancient modes of thinking to ics call the meta-narrative of Western culture broke down. Up until just before the French

Revolution, everything was questioned and convention lost force. That decisive break is Calasso's concern, along with the chief factors that led up to it and the attempts by 19th-century writers and philosophers to create a new meta-narrative for the future. (Marx and Engels came up with one such narrative, a poorly contrived scenario that Calasso discusses at some length, and whose concluding chapter still lay in the future when he published the Italian

tional notions of law and sacri-

Calasso found a parable of Western civilization's transition from the ancient to the modern in the story of the fall of Kasch, a modern, specifically with that legendary African kingdom. period when what literary crit- Taken from Leo Frobenius's "Atlantis," it is a marvelous, "Arabian Nights"-like tale of a storyteller who disrupts the kingdom's traditional rituals and observances and inadvertently sows the seeds of destruction. Obvious to all but fundamen-

version of this book in 1983.)

fice and so on. After the French cient ways, but modern ways have yet to provide a meaningful structure to our lives, or so Calasso seems to suggest. I use "seems" because "The Ruin of Kasch," for all its polymathic brilliance, offers not a coherent argument but something more like lecture notes for a yearlong course, notes that would be fiction, it perhaps needs to be ton Post.

talists, we cannot return to an-

read as though it were a demanding but brilliant encyclo-pedic novel, something along the lines of Gaddis's "Recognitions" or Coover's "Public Burning" — in other words. something resembling the most intriguing and enlightening books of our time.

Steven Moore, senior editor of contextualized in delivery. the Review of Contemporary Fic-Though clearly a work of non-tion, wrote this for The Washing-

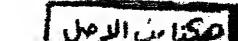
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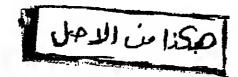
· Shere Hite, the feminist writer, is reading "Frida Kahlo, 1907-1954, Pain and Passion" by Andrea Kettenmann.

"Her life is chronicled through her paintings and there are clues about her emotional state in each image. She really says a lot about women through ber paintings and the book has wonderful color illustrations. I identify a lot with her."

(Marcelle Katz, JHT)







Page 7 INTERNATIONAL HERALD TRIBUNE, THURSDAY, DECEMBER 29, 1994 w Europe du Nord w Europe du Centre w Europe du Sud 39.43 939.22 64.84 10145.96 143.40 234.30 949.74 100.71 98.47 209.24 115.289 8953.00 14706.00 1743 1] 2713 16 835 74 110776 1534 42 341 93 983 46 ADVERTISEMENT Dec. 28, 1994 w Amerique du Nord w Sud-Ner Asignque w Globat INTERNATIONAL FUNDS form supplied by lands listed, and transmitted by MICROP AL PARES (Tol. 33-) 46 26 09 (25), sociations are supplied by the Punds listed with the unseption of some quotes based on its very secretary (Mr. Aulite for), markets file is unsetting its backshirty forms the markets. In M Columbial Security 5.0. 80x 201, Amster M Columbial Security 5.1 Fi M Tone Europe Fund Fi ... Fi M Tone Europe Fund Fi ... Fi M Tone Europe Fund 5.3 S M Almanda Europe Europe Fund 5.3 S M Almanda Europe Europe Fund 5.3 S Europe Europe Europe 5.3 S Europe Europe Europe 5.3 S Europe 6.3 S Europe Europe 5.3 S Europe 6.3 S Eu The marginal symbols indicate frequency of a Cursitor Gibl Bd Opport ... \$7.46 cursitor Gibl Bd Opport ... \$7.46 cursitor Gibl Cwift Sub-Fd ... \$7.76 cursitor Gibl Bd Opport ... \$7.46 cursitor Gibl Cwift Sub-Fd ... \$7.77 cursitor Gibl Cwift Sub-Fd ... \$7.77 cursitor Gibl Cwift Sub-Fd ... \$7.77 cursitor ... \$7.74 cur setting quotations are supplied by the Purish Stated with the userspice of some quotations equates because of the purishing o riy; (t) - twice weekly; (m) - mouthly The marginal symbols indicate ## Sunstand Col. | SF | 75-61

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was set up on 18 August 1994 through the merging of five companies (SIP, Italcable, Iritel, Telespazio and Sirm) that had until then managed italian telecommunications separately, and has thus become a global operator in a completely new framework.

TELECOM ITALIA

is now the sixth largest telecommunications operator in the world in terms of turnover and one of Europe's prime investors in the sector.

It is a joint-stock company with almost 70,000 investors and 18% of its share capital is held by foreign shareholders.

TELECOM ITALIA

has a worldwide presence with 18 representative offices with a large number of other corporate entities, it also has a wide-spread commercial network geared to provide, even abroad a speedy, integrated and innovative answer to the communications requirements of people and companies.

TERNATION

edit ber 124 bart of \$4

"A sharp decline in financial charges achieved thanks to ongoing economic and financial consolidation is the clear result of a policy based on rational and integrated organisation, further strict cost reduction measures and carefully selected large-scale economies in order to become competitive in a free market". (Francesco Chirichigno)

Managing Director

THE FIRST SIX MONTHS OF TELECOM ITALIA

THE FIRST SIX MONTHS OF TELECOM		
	30.06.94	31.12.93*
	14.276	23.404
REVENUES (BILL)	11.345	18.164
ADDED VALUE (BILL)	79,5	77,6
ADDED VALUE / REVENUES (%) GROSS OPERATING MARGIN (BILL)	7.994	12.327
	56	52,7
GOM / REVENUES	3.136	3.796
OPERATING PROFIT (BILL) NET FINANCIAL CHARGES / REVENUE	S(%) 5,3	9,8
PROFIT BEFORE TAXATION (BILL)	2.175	1.741
	3.680	7.963
INVESTMENTS (BILL)		

1993 FIGURES REFER TO MERGED COMPANY SIP

TELECOM ITALIA - Direzione Generale - via Flaminia, 189 - 00196 Roma

PROGETTO GRASICO: PUBBLICITARIO - IACOPINI - BICCARI - ROMA



International Herald Tribune, Thursday, December 29, 1994

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Page 9

International Herald Tribuna World Stock Index €, composed of 280 internationally Investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.

World Index 2/28/94 close: 113.31 revious: 112.35

Asia/Pacific Close: 126.80 Prev., 126.22 Close. 116 10 Prev.: 114.57 1.356

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The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Mexico, Netherlanda, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and Venezuela. For Tokyo, New York and London, the Index is composed of the 20 top issues in terms of market capitalization, otherwise the Ion top stocks are tracked.

Industrial Sectors Wed, Prev. 5 close change Energy 113.45 112.66 +0.70 114.40 113,35 +0.93 122.18 120.69 +1.23 **Rew Materials** 133.62 131.82 +1.37 Finance 114,35 113,73 +0.55 Consumer Goods 104.76 104.15 +0.59 Services 111.63 110.09 +1.40 Miscellaneous 118.90 116.81 +1.79 For more information about the Index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neully Cedex, France.

Approx weighting 5% Up Closer 106.32 Prev.; 100.89 5.38%

World Hits a Non-OPEC Gusher Analysts See Years of Strong Output Outside Cartel

By Allen R. Myerson

New York Times Service DALLAS — Oil production by non-OPEC nations, after declining since 1988, began an unexpected revival this year that is expected to continue into the next century, tempering price increases and limiting the world's dependence on the oil cartel.

Already, the rise in supplies from oil fields beyond the Organization of Petroleum Exporting Countries' domain has helped keep prices low despite booming demand and production quotas set for OPEC members.

New technology, improved corporate efficiency and the opening to exploratioo of vast mew areas, energy analysts say, promise to raise non-OPEC production 6.5 percent by 2000.

On the North Slope of Alaska, new discoveries and modern techniques for getting oil from existing wells have kept oil flowing at rates nearly two-thirds higher than the state predicted. In China, Vietnam and Russia, Western exploration and production crews

are swarming to areas that were long closed to foreign investment. In the North Sea, fields thought to be entering their dotage after 25 years of pumping are producing 20 percent more

oil than last year, helped by lower production costs and new discoveries. For the first time since 1988, output from non-OPEC nations will increase

this year, to about 39.1 million barrels, up 600,000 from last year, according to the consulting firm Cambridge Energy Research Associates. OPEC itself recently confirmed this turnaround and predicted its continuation.

"The ooo-OPEC productioo in-crease," Dr. Subroto, OPEC's former "changes the rules of the game."

Although more oil still comes from countries outside OPEC than from the

A Revival at the Rigs World oil production, including crude oil and associated liquids.

45 million barrels a day

All others OPEC

'88 '89 '80 '91 '92 '93 '94 est.

12 countries in it, the cartel's coordina-tion, vast reserves and spare capacity, especially in Saudi Arabia, have given its members disproportionate influence,

Its other members are Algeria, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, the United Arab Emirates and Venezuela. Iraq has been banned from the oil market since it attempted to annex Kuwait by force in 1990. In the late 1980s, nonmembers re-

buffed OPEC's suggestions of cooperation on pricing. By 2007, however, the cartel expects to be producing a majority of the world's oil.

There are no guarantees that increased production will keep prices stable.

More Russian or Middle East turmoil. or especially rapid growth in global de-mand, could still create shortages. In the

long run, the largest portion of the world's increasing thirst for oil can only be met by OPEC. But for next year, the International Energy Agency of oil-consuming nations predicts that more than half the world's increased demand of 1.1 million barrels a day will be met by producers who do not belong to OPEC.

That contrasts remarkably with the outlook a few years ago. The consensus of industry executives and analysts in 1990 was that oil, then priced at around \$20 a barrel, would go to \$30 by 1995 on

See OIL, Page 10

through October.

export trade with the United

States, which is already running

at a record level of \$32.4 billion

The \$800 million of products

equal to the damage American

companies claim they suffer an-

oually because of China's fail-

ure to enforce the copyright

portion of a 1992 agreement

with the United States to pre-

vent intellectual property viola-

tions. Patent and trademark vi-

olatioos could increase the

value of the list several hundred

Dollar Suffers As Aid Rumors Benefit Mexico

By Lawrence Malkin

International Herald Tribune
NEW YORK — Mexico's financial markets bounced up but the dollar was caught in the backwash on Wednesday as the new Mexican government allowed short-term interest rates to rise above 30 percent while trying to draw up an economic policy to restore investor confi-

The United States and the International Monetary Fund were reported to be advising President Ernesto Zedillo Ponce de Leon's government on a possible austerity package backed by an emergency line of credit of at least \$10 billioo in addition to the \$7 billion already agreed upon to stabilize A 4-Month Drop

the currency earlier in the year. As rumors of a possible rescue package spread in the currency markets, nervous traders marked down the dollar against European currencies while the Mexican peso strengthened.

The dollar lost almost three pfennig against the Deutsche mark, its biggest one-day drop in five months, and the peso which had lost nearly 40 per-cent against the dollar in a week - rebounded against the U.S. силтепсу.

At the close, a dollar bought 4.90 pesos, compared with 5.65 pesos at Tuesday's close. That amounted to a 15 percent gain in the peso's value oo the day.

With trading thin everywhere on the retaliation list is about in the week between Christmas and New Year's, movements in all financial markets were as exaggerated on the way up as they were on the way down.

> resulted from the first clear sign that the Mexican government was prepared to take painful measures to defuse the crisis.

That came in Wednesday morning's auction of 28-day tive sector "soon."

Treasury bills. known as Cetes, (AFP, Knight-Ridder) (Bloomberg, Reuters) Treasury bills, known as Cetes,

which set the wholesale cost of mooey for banks. With demand weak from frightened investors. prices fell and interest rates were bid up to 31 percent, roughly double the rates before last week's devaluation of the peso set off the current crisis. Later in the day, traders pushed up same-day rates to to

34 percent, a premium intended See DOLLAR, Page 10

Japan's Surplus Surges, Ending

Compiled by Our Staff From Dispatches TOKYO - Japan's current account surplus in November increased 15.4 percent from the year-earlier mooth, to \$9.7 billion, reversing four months of declines, the Finance Ministry said on Wednesday.

The surplus on merchandise trade alone grew at a faster pace, 20.3 percent, to \$10.9 billion, as the yen rose 10.7 per-cent against the dollar.

An official of the ministry said the rise was only "temporary," attributing the November result to seasonal factors.

The rise in the current account surplus, the first year-ooyear jump since June, threatened to put pressure on Japan in trade disputes with the United States, but a Finance Ministry official insisted the basic

trend was still downward. Separately, Sozaburo Oka-But the change in direction matsu, who stepped down as a deputy minister at the Ministry of International Trade and Industry, said the United States. and Japan would restart framework trade talks on the aotomo-

China Warns of Trade War With U.S.

least \$800 million in Chinese The United States broke off products Friday that could be talks with the Beijing two weeks

trade representative, Mickey the U.S. for its demands, sin-Kantor, said no further talks gling out one negotiator, Lee were scheduled with China be-Sands, for alleged "arbitrary" fore the Dec. 30 deadline for a and "meddling" behavior. settlement of the dispute over But Wednesday, the Chinese of American products.

The Xinhua news agency

Compiled by Our Staff From Dispatches to retaliate would not do any had left abruptly, bringing the WASHINGTON — The good and that a tougher stance talks to a screeching hait. United States expects to name at could only lead to a trade war."

stapped with trade sanctions, ago, charging that China was but China warned of a trade war oot oegotiating scriously. Since if the U.S. toughened its stance, then, the Chinese government-A spokeswoman for the U.S. controlled media has attacked

unauthorized Chinese copying media appeared to take a more conciliatory tone, with a commentator for People's Daily, a

"In spite of the frictions, development remains a part of the mainstream of Sino-U.S. economic and trade ties," he said, The proposed sanctions will

not take effect before the end of January, at the earliest, and during that month, more talks between the U.S. and China are expected.

Prime targets for punitive tariffs by the U.S. ioclode shoes, toys, sporting goods, clothing, radios and suitcases quoted an official as saying "any oewspaper of the ruling Com- made in China. These products attempt to impose sanctions or munist Party, saying Mr. Sands make up a large part of China's

million dollars.

Herald Eribune

Decisive people get more out of iht.

As regular readers of this newspaper, you tell us that you spend an enjoyable 30 minutes with it, that you read it thoroughly and appreciate its concise but comprehensive style.†

But of course, your choice of newspaper is not the only important decision you make. In fact, you tell us that you are responsible for a huge number of business decisions including the buying of computer and telecommunications equipment and financial services.*

It's clear then that both you and the advertisers who decide to use these pages, get more from the International Herald Tribune.

For summaries of the surveys from which these facts are taken, please call, in Europe, James McLeod on (33-1) 46 37 93 81; in Asia, Andrew Thomas on (65) 223 6478; in the Americas, Richard Lynch on (212) 752 3890.

Source: 1 VIVA Surveys, 92 / 93. * Reader Survey '94.

INTERNATIONAL MANAGER

Upturn for Metall in '95: What Else?

By Brandon Mitchener

ional Herald Tribune RANKFURT — For Rainer Lepper, chairman of the inhouse workers council at Me-tallgesellschaft AG, 1995 almost has to be better than this year. "I had the worst job anyone can imag-ine in 1994," Mr. Lepper said. "We had

to get rid of 600 people without firing anyone. The management gave the direction, but we did the dirty work." Despite indications that some of Metallgesellschaft's creditors are balking at proposals for a reverse stock split—the follow-up to a yearlong, 3.4 billion Deutsche mark (\$2 billion) bailout — Mr. Lepper as well as the company's manage-ment and a growing oumber of analysts

say they are convinced the worst of the company's trials are over. "You can't abort a restructuring that's 99 percent completed because of the remaining 1 percent," Mr. Lepper said in

The reduction of staff at its Frankfurt headquarters was just part of a complex, costly restructuring that altered Metall-gesellschaft from a metals, mining and metalworking company that was Germaoy's 14th-largest industrial business to a much slimmer company focused on chemicals, plant construction, metals trading and financial services.

As a result of having sold or spun off substantial industrial holdings, Metallgesellschaft says it expects an operating profit for the year ending Sept. 30, 1995.

When the company meets with its more-than-40 creditor banks in January,

Chairman Kajo Neukirchen will tell them the company - on the brink of bankruptcy about a year ago after stunning investors with what a 2.3 billion DM loss on oil futures trading—is oo a sound financial footing and would best be able to pay its debts if it could finish

its restructuring first.

"This company is no longer comparable with the one you knew before," Mr. Neukirchen said in November, when he announced a 2.7 billion DM loss for the

'You can't abort a restructuring that's 99 percent completed because of the remaining 1 percent.

Rainier Lepper, head of Metallgesellschaft's workers council

year ended Sept. 30. "Through divestments, spinoffs and restructuring we've succeeded in fashioning a new company

with a safe future." Some creditors who remember hearing the same promise last year, however, are demanding more substantial assurances.

Though the company's bankers de-clined to comment, industry sources say several American and French banks, including Chemical Bank in New York as weil as Société Générale and Banque Nationale de Paris, want the company's

German creditors - many of whom are

also shareholders — to bear more of the financial burden.

"Everybody's very upset about the restructuring, and the German banks' han-dling of the whole thing," said one source who spoke on coodition of anonymity, referring to Deutsche Bank AG and Dresdner Bank AG, which are Metallgesellschaft shareholders and lead the consortium of creditors.

Renters quoted one Swiss banking source as having said Metallgesellschaft was suffering from "over-restructuring." But while an air of dejà vu is unmistakable - many banks also balked in Janu-

ary, when the extent of the oil-trading loss that led to the company's financial problems became apparent — this time Metallgesellschaft's German creditors are determined to see it through. "We're all agreed this time," said one German bank source.

Rather than block the planned capital write-down entirely, the company's foreign creditors are hoping to get better terms from Deutsche Bank, Dresdner Bank and others that would face a greater embarrassment if the company's re-

covery were to stall, analysts said.

"Io the last resort, Deutsche, Dresdner and the other big shareholders will have to pick up more of the tab," said Peter Dupont, an analyst at UBS Phillips & Drew in London, describing the public processing about of the archives meeting criticism ahead of the creditors meeting

as "politicking."
"There's a view kicking around," he said, "that the money from the disposal

See METALL, Page 11

CURRENCY & INTEREST RATES

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Dollar's Sharp Fall Drags Stocks Down

NEW YORK — U.S. stocks fell Wednesday for the first time in five days, buffeted by a plunging dollar and a bond market slump. Oil and auto companies led the decline as a crisis of confidence in Mexico

rippled through U.S. markets. The peso's devaluation and doubts about the government's ability to repay billions of dollars of debt has raised concern about U.S. companies' expo-

U.S. Stocks

sure in Mexico, said John Shaughnessey, director of research at Advest Inc.

The Dow Jones industrial average fell 22.20, to 3,839.49, after being down as much as 35.33 points. The average had gained 94.54 points, or 2.5 percent, over the course of the previous four days.

Declining stocks outpaced advancers by about 13 to eight on the Big Board, where 243.52 million shares traded hands, up from 211.18 million.

"What U.S. banks could be ers that just opened up in Mexi-

Among companies with large operations in Mexico, shares of GM slumped % to 414, Caterpillar fell 1 to 5114, and Sears, Roebuck fell % to 45%.

The financial crisis in Mexico took a heavy toll on the bond market as the benchmark 30year U.S. Treasury bond fell 26/32 to 96 6/32, driving the yield up to 7.83 percent from 7.76 percent on Tuesday.

The Standard & Poor's specialty retail index of nine stocks was the worst performer in the S&P 500, falling 2.6 percent.

Investors are "scalping the retailers" after reports Christmas sales did not match expectations, analysts said. Home Depot eased ¼ to 46½, Lowe's fell 1/2 to 34, and Circuit City Stores dropped 1 to 21%.

Teléfonos de México rose 3% to 41% as bargain-hunters bought up shares in the wake of the company's drop of 26 per-cent over the last two weeks.

Shares of oil companies fell amid concern about earnings from refining crude oil. U.S. refiners are making little money affected, what's the impact on as gasoline prices drop after alauto companies and the retail- most two months of high gasoline production. Ultramar fell co" are questions weighing on % to 224 and Chevron dropped % to 441/2.

DOLLAR: Caught in Backwash

Continued from Page 9 to keep money from flowing out

of pesos into dollars. Interbank rates were close to 40 percent.

This show of determination to hang on to capital heartened the Mexican stock exchange,

Foreign Exchange

which gained more than 60 points, or almost 3 percent, on the peso's rebound.

Investors in other Latin American markets also seemed to get the message. Rising Mexican stocks were about the only strong play on Wall Street, and markets in Brazil, Argentina and Peru began recovering from this week's panic, although Argentina's dropped back after the central bank reported record dollar outflows.

Finance Minister Domingo Cavallo of Argentina flew to New York for talks with officials of the Federal Reserve Bank of New York, where he was expected to talk about arranging a credit line like Mexico's.

Any Mexican rescue package would have to strike a careful

balance, with enough domestic austerity to underpin the peso and satisfy the foreign investors who finance Mexico's growth but not enough austerity to anger Mexican workers.

Dollar Takes a Tumble

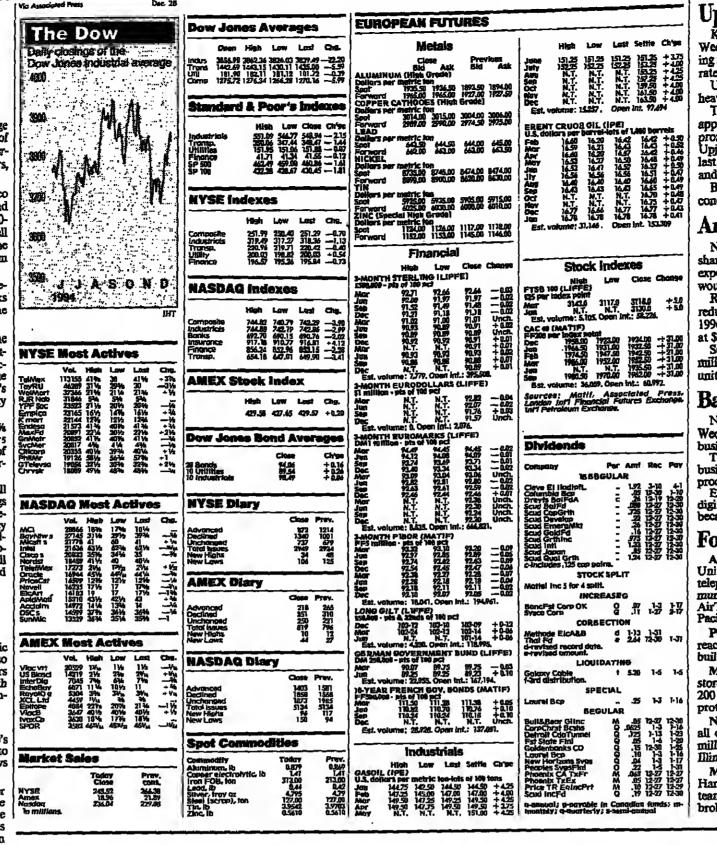
The dollar fell as Mexico's financial crisis spilled over into U.S. financial markets, news agencies reported.

After having held steady for hours, the dollar plunged more than three pfennig against the mark in a matter of minutes around 12:45 P.M. Eastern time. "This has everything to do with the peso," said Laurence Hayward, a trader at Nations-Bank of Texas in Houston.

The dollar ended at 1,5450 DM, off from 1.5758 DM on Tuesday, representing the dollar's biggest slide against the mark since July 11.

The currency also slipped to 99.25 yen from 100.30 yen, to 1.3040 Swiss francs from 1.3302 francs and to 5.3370 French francs from 5.4420. The pound rose to \$1.5670 from \$1.5455.

(Bloomberg, Reuters)



U.S./AT THE CLOSE

Upjohn Suspends Trial of New Drug

KALAMAZOO, Michigan (Bloomberg) — Upjohn Co. said Wednesday it had suspended a clinical trial of Freedox, a promising new drug for head injuries because of concern about the death rate among patients who took the medicine.

Upjohn shares closed \$1.375 lower, or 4 percent, at \$30.125 in

heavy volume on the New York Stock Exchange. The move is a blow to Upjohn's effort to gain marketing approval for Freedox, which was viewed by analysts as its most promising new medicine and a potential savior for the company.

Upjohn's revenue has slumped since it lost U.S. patent protection last year on its two most important drugs: Halcion, a sleeping pill, and Xanax, an anti-anxiety drug.

But Upjohn said it would continue trials of Freedox for other conditions and would push for its approval.

Analyst's Remarks Hit Toys 'R' Us

NEW YORK (Combined Dispatches) - Toys R' Us Inc. shares fell sharply Wednesday after an analyst said weaker-thanexpected Christmas sales and disappointing European results would drag the company's profit down.

Robert Schweich, an analyst at Wertheim Schroder & Co.,

reduced his estimates of the company's earnings for 1995 and 1996, according to traders. Toys 'R' Us shares closed \$3.50 lower,

Separately, the company announced that it had pumped 155 million French francs (\$28 million) of new capital into its French (Bloomberg, Reuters) unit to finance expansion.

Bank of New York Buys ADR Unit

NEW YORK (Bloomberg) - Bank of New York Co. said Wednesday it would acquire the American depositary receipts business of BankAmerica Corp. The price was not disclosed.

The acquisition fits Bank of New York's strategy of buying businesses that can easily be absorbed by the bank's securities-processing business and add to profits quickly.

Executives said this month the comments and add to profits the comments and the comments are comments are comments.

Executives said this month the company would post a doubledigit rise in annual revenue from securities processing, partly because of acquisitions.

For the Record

Airtel Group, led by AirTouch Communications Inc. of the United States, won the bidding to set up a private cellular-telephone system in Spain. The group includes British Telecommunications PLC, Banco Santander and Banco Central Hispano. AirTouch is the cellular-phone company that was spun off by (Bloomberg) Pacific Telesis early this year.

Power Computing Corp., in which Olivetti SpA has a stake, reached an agreement with Apple Computer Inc. for rights to build and market Macintosh clones.

Merry-Go-Round Enterprises Inc. said it would close 200 more stores by February 1995. The company has already closed about 200 of its clothing stores since it filed for Chapter 11 bankruptcy (Knight-Ridder) protection in January. National Gaming Corp., a casino operator, said it would acquire

all of Par-A-Dice Gaming Corp.'s shares outstanding for \$150 million. Par-A-Dice operates a riverboat casino in East Peoria,

Merrill Lynch & Co. has lost its media analyst of 17 years, Harold Vogel, to Cowen & Co., where he will direct a research team covering the entertainment and casino industries, the two

OIL: Non-OPEC Output Expected to Hold Down Prices for Several Years

Continued from Page 9 the strength of rising demand

and lagging production.

The demand has materialized, especially in developing nations. But so has new capacity. Oil prices, which rose above \$36 for a 42-gallon barrel in 1981, have recently been less than half that because of in-

creased supplies. Oil companies, meanwhile, have more than adapted to lowpriced production.

question that the industry is about for some time, their comlearning to do things, like deep-water drilling at \$17 a barrel and \$2 a cubic foot, that declines in the United States are couldn't be done two or three slowing, largely because of new years ago," said H. Laurance sources ranging from the Gulf Fuller, chief executive of Amoco Corp., referring to to-day's low oil and natural-gas

prices. "When life is tough you find ways to do things better." Although most of the technological advances and foreign U.S. oil industry's health, less ground reservoirs have im-

bined impact is only now becoming clear. Even production of Mexico to Alaska's North

New technology is rendering the "rig count," the census of operating oil rigs that was long the most trusted guide to the

"I don't think there's any ventures have been known useful as faster and more precise drilling result in more discoveries and more production

for each drilling rig.
Oil fields that had been considered exhausted in other countries, including Venezuela, an OPEC member far from the ittery Persian Gulf, are coming back to life with horizontal drilling and enhanced recovery techniques.

Methods for mapping under-

proved the odds of a strike, promoting new production and helping make oil companies more confident about building \$1 billion platforms.

The Gulf of Mexico is the leading site for deep-water production, which has extended to depths of 2,860 feet (875 meters) from 1,350 feet in the last six years. Oil companies are making plans to use the same technology in West Africa and South China.

Oil companies have also cut

costs by reducing staff, making new projects more economical. Employment in the U.S. oil industry has fallen by more than half in 12 years, from 920,000 to 450,000, and oil companies are learning to contract for services that others can perform more economically.

Lower costs and new discov-

eries also have allowed the North Sea to sharply increase its daily output by about 900,000 barrels, to 4.7 million,

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Portugal Plant Loses Appeal At VW and Ford irks Hit Toys R'l,

The Williams BONN — Cost and prome forecasts for a huge plant being built by Volkswagen AG and Ford Motor Co. to make minimans in Portugal oo longer

The investment had been calculated to total 4 billion Deutsteen to total 4 billion Deutsteen calculated to total 4 billion belong total 4 billi

The state of the s "New calculations with a hard-edged pencil are needed because of changes in costs," a VW spokesman said, broadly confirming a report in the German daily Frankfurter Allge-

meine Zeitung. The VW supervisory board on Dec. 2 had called for a review of its commitment to the three-year-old project due to "unfavorable foreign exchange factors and a strengthening of

competition." Unfavorable exchange rates have added to financial charges since some of the financing for the project was raised in Deutcreasing the repayment costs.

The market has developed differently from the way we had expected," the spokesman said. be determined until the acquisi-"In addition, more competiturs tion took place, Reuters reportthan expected have entered the ed from Frankfurt. narrow market."

The German daily reported we expect the purchase price to that VW and Ford had planned be about \$900 million," a Deutto produce up to 180,000 vehi- sche Bank spokesman said. cles by 1997 at Palmela, south of Lisbon. But the entire market in un the oet worth of the ITT unit Western Europe has absorbed as well as a calculation for only 135,000 such vehicles in the goodwill at the time of the first 10 months of 1994 and 132,000 during the whole of to take place in the opening

1993, the newspaper said. "Experts in the sector hold the spokesman.

BONN — Cost and profit able, even if VW and Furd cut

culated to total 4 billion Deutsche marks (\$2.5 billion), with a third coming in subsidies from the Portuguese government or European Uninn.

The future of the plant appears nevertheless to be guaranteed until 2001 because the two companies have given a commitment to build vehicles for seven years after the plant is opened.

VW and Ford have already reduced the rate of investment, however, and have already signaled that they will employ only 3,000 people instead of 5,000, as had been expected. (AFP, AFX)

■ Deutsche Cites ITT Price Deutsche Bank AG consche marks, and the German firmed Wednesday it expected currency has strengthened, in- to pay about \$900 million for the commercial finance subsidiary of 1TT Corp. but added that the exact price would ont

"From today's point of view,

The actual price will depend transaction, which is expected months of 1995, according to

Unfriendly Skies in 1995 Away From Atlantic, Fares Apt to Rise

LONDON - The world airline industry may make its first collective profit in 1995 after losing \$16 billion during the last five years. But there will still be plenty of problems for individual carriers, industry executives and analysts said Wednesday.
"We're in a period of great change," said

DeAnne Julius, chief economist for British Airways in London. She cited airline deregulation in Europe, the restriction of state subsidies to European flag-carriers and restructuring for cost reduction among U.S. nirline companies.

Average fare levels for the big international

airlines may rise next year as increased passenger loads start to soak up the overcapacity that has plagued the industry since the late 1980s. Analysts predict that as passenger traffic worldwide grows an average 6.6 percent a year over the next four years, airlines will

have less incentive to offer discount fares. "I think you have to get behind the published air fares and see what will happen with actual fares," said Guy Kekwick, airlines analyst at Lehman Brothers in Loodon, who predicted the fares people really pay would rise. "Probably the average fare will improve. The availability of the deeply discounted tick-

ets is really going to start to dry up."
But the structural overcapacity, which resulted from a flurry of new aircraft orders in the 1980s, is expected to persist, leading analysts to predict price battles in key markets next year apart from seasonal promotions.

The International Air Transport Association

recently reported that passenger traffic rose 8 percent in the first nine months of 1994, but load factors among its 224 members worldwide only increased 2 percent, to 69 percent, compared with the same period in 1993.

"I think we are probably looking at another two to three years before the capacity overhang disappears," said Ms. Julius at British Airways. Hans Mirkka, senior vice president and head of European operations at American Airlines, a subsidiary of AMR Corp., said the trans-Atlantic market in particular would see

another year of fierce competition.

"In my opinion there is still too much capacity chasing too little traffic," Mr. Mirkka said. "I would say that trans-Atlantic capacity could easily be cut by almost 5 percent without any problem at all.

There are about 36 carriers flying across

the Atlantic, and that's just too many."

American predicted passenger demand in 1995 would grow around 4 percent in the

'The availability of the deeply discounted tickets is really going to start to dry

Guy Kekwick, analyst at Lehman Brothers.

trans-Atlantic market, compared with 8 percent worldwide and 12 percent to 13 percent in the Far East.

"The fare wars are not over yet," Mr. Mirkka said. "Maybe they will be in 1996, but they certainly weren't over this year and they

won't be over next year."

Meanwhile, American and the other major U.S. carriers are also facing a fierce battle in their own backyard against low-cost commuter carriers such as Southwest Airlines.

Earlier this month even Southwest, the doyen of low cost airlines, complained of price-undercutting by competitors and admitted that a recent fare cut had backfired.

Southwest's toughest battle has occurred on the West Coast of the United States, where it is now competing head-to-head with United Airlines' new Express shuttle. One analyst said that the battle with United is hurting Southwest "more than they want to believe

"We are still seeing new carriers in the U.S. entering the marketplace, and they are continuing to encroach more and more on the majors," said Mr. Mirkka of American Air-lines. "But as the majors get their costs down, these newcomers will find that all of a sudden they are really in a competitive situation."

Allianz And Berner Forge Ties

Compiled by Our Staff From Dapatches MUNICH — Allianz AG Holding, Europe's largest insur-ance company, and Berner Allgemeioe Holding AG said Wednesday they had concluded cooperation talks, paving the way for an enhanced equity link. The two companies will cooperate closely in the areas of underwriting and finance," Allianz said.

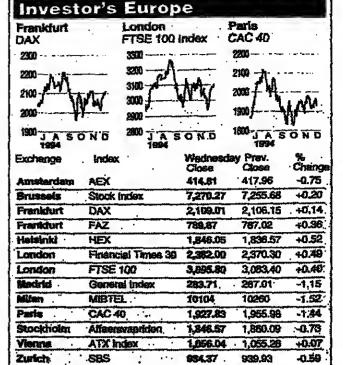
The insurers said Berner's administrative council agreed to register Allianz's indirect 31.5 percent stake in Berner before the end of the year. The shares are held by Allianz's Italian subsidiary, Riunione Adriatica di Sicurtà SpA. Berner Allgemeine is based in Switzerland.

Registration of the stake will give the Allianz unit full voting rights. Previously, Berner had limited the voting rights of any single shareholder to 5 percent. A spokesman for Allianz said his company was now Berner's

largest shareholder. He added that the company may raise its stake further.
(Bloomberg, AFX)

■ AMB to Raise AGF Stake AMB Aschener & Münchener Beteiligungs-AG, the second-largest German insurer after Allianz, said it would raise its stake in Assurances Générales de France to 5 percent, from 2.57 percent, Bloomberg Business News reported from Aachen, Germany. In return, AGF promised not to change its 33,55 percent stake in AMB before

Dec. 31, 1999. The purchase will be made in connection with the French gov-ernment's privatization of AGF.



Very briefly:

• West German industries are skeptical about the strength of the economic recovery because of labor costs, taxes and uncertainty about exchange rates, according to a research institute poll.

• A Spanish judge rejected an appeal by the former chairman of Banco Español de Crédito SA, Mario Conde, against a decision to keep him in prison on fraud charges. Banesto is expected to post a full-year loss of as much as 12 billion pesetas (\$90 million), narrowed from 22 billion pesetas in the first half.

Nokia Corp. said it agreed to sell its aluminum unit to Morgan Stanley Capital Partners to concentrate on its telecommunications business. It did not disclose the price.

• Burroughs Wellcome Co., a U.S. subsidiary of Wellcome PLC of Britain, said it had won U.S. clearance to market two new drugs for epilepsy and cancer.

• Euro Disney SCA's chairman said attendance at its Disneyland Paris theme park showed a "significant" rise in its first quarter, ended in December, from a year earlier.

Renders, AFX

Norwegians Turn Bullish After No' Vote on EU

OSLO - When Norway re-

jected joining the European Union last month, bood buyers gave the thumbs-down gesture an unequivocal thumbs-up.

The Norwegian economy is booming, the bond market is up and could go higher still, and investors are heedless of what now look like false fears that a political crisis would soon follow if Norway voted "no."

The Norwegian bond market asm for that policy.

is a small one dominated by domestic investors, with only 2 percent of the bonds available in the market - valued at 308 anticipation of a "yes" vote on billion kroner (\$45 million) — joining the EU.
held by foreigners.

But already the vote has

mainly to Norway's strong oilbased economy and tight fiscal policy, with the government proposing to cut its deficit by more than half next year, and to Norwegian investors' enthusi-

Norwegian bonds moving up in

The positive result thus is due averted a government crisis that some had said might occur if a slim majority had voted in favor of the EU, leaving politicians divided and threatening a showdown over parliamentary ratification of the decision. Prime Minister Gro Harlem

the referendum, held Nov. 28, would read the "no" vote as a that she would dissolve Parlia-ment and call new elections if pline demanded by the Treaty anti-EU parties tried to block on European Union. ratification of a "yes" vote.

After the vote, that uncertainty was lifted, the government remained intact, and more bond buyers rushed in.

vote, the government raised tax- year have outperformed all oth-

The bond rally actually be- Brundtland, a strong supporter es. That move immediately gan before the referendum, with of joining the EU, said before quelled fears that investors

> The eight-year 9.5 percent bond of 2002 now yields 7.87 percent, dawn from 8.39 percent just before the election. Since the referendum, Nor-

wegian government bonds with In addition, shortly after the a maturity of more than one er European bond markets in dollar terms.

METALL: After '94, a Better Year Seems Logical

Continued from Page 9

process - converting fixed assets to cash to offset loans - is somehow being spirited away into the pockets of Deutsche Bank in a mysterious process. Some of it obviously goes into repaying debt, but that strengthens the balance sheet by reducing the liabilities.

"Having gone so far, I can't really see it failing for the sake of 600 million DM" — the amount of cash to be raised from the write-down and subsequent issue of new shares.

As far as the company's funanalysts agreed with Mr. Neube hopeful.

"There's still a substantial business there, with sales of about 15 billion to 20 billing DM," Mr. Dupont said. "I think they might surprise peo-

Mr. Lepper, the local labor representative who by German law has a seat on the company's board, also agreed, despite some lingering regrets.

"We would have preferred to damental performance gnes, keep a company like Buderus, which made a profit of 200 milkirchen that there was reason to lion DM this year," Mr. Lepper said of the heating-equipment and industrial-products unit that Metallgesellschaft sold in June.

In addition to Buderus, Metallgesellschaft has sold its Frankfurt headquarters, nomerous small subsidiaries and large stakes in Berzelius Umwelt Service AG, an environmental services company, and Kolbenschmidt AG, an automotive-parts company,

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Cooling China Economy Chills Hong Kong Stocks

By Kevin Murphy

HONG KONG - In a rare move here, Beiren Printing Machinery Holdings Ltd., one of the first of 15 Chinese companies to list in Hong Kong cut its 1994 earnings forecast by 32 per-cent Wednesday.

Analysts covering the volatile small stocks in the Hong Kong market wish many other compa-nies had been as forthright recently — it might have saved them some unpleasant surprises.

A number of small and medium-sized Hong

Kong companies have reported dismal half-year corporate results in recent weeks, many hlaming their woes on a failure to profit from rapid expansion into China

in Beiren's case, unfavorable market conditions for its machinery and a switch to Hong Kong accounting standards from Chinese ones were behind the gloomy forecast.

Beijing's battle to rein in an overheated oational economy has begun to cast a shadow over Hong Kong, analysts said, as an engineered business slowdown, particularly in speculative property developments, filters through to companies' balance sheets and earnings estimates.

"Everyone here bet on the China market and now it's not coming through," said one trader with a U.S. securities firm. "There are better bets in most other regional economies these days."

Most of Hong Kong's hlue-chip companies announced their interim results earlier this year without too many harsh surprises; they benefit from more diversified lices of husiness and stronger balance sheets than smaller companies. But analysts now say smaller companies' trouhles with their China investments are a had omen

for the overall market. Many have recently cut their earnings estimates for blue-chip stocks. "China has been a disappointing experience for many in the past year," said Howard Gorges, director of South China Brokerage. "And for many companies it possibly looks worse because

expectations were too high. Many of the smaller companies who have surprised the market with poor interim profit performances are trading and manufacturing businesses that have disappointed investors de-

Analysis said they were looking forward to seeing these companies' annual reports to get

spite increases in revenue

more information on what they believe are losses from speculative investments in China and bad debts owed hy Chinese trade counterparts.

Among Hong Koog's larger companies, expo-sure to the China market is generally limited to a small percentage of their total assets, particularly in the property-development sector.

However, while property analysis generally discount the major developers' China activities in their profit and valuation forecasts, a downturn in mainland property markets could turn many investments there into longer-term propositions than first envisaged.

Closer to home, rising interest rates have sent chills through the Hong Kong property market, and a sevenfold increase in residential property prices over the past 10 years has caused some analysts to think the market is ripe for a major

Hong Kong companies' traditional reliance on stock and property trading to boost overall profit further complicates the task of forecasting their carnings for 1994.

"There may be some negative surprises, espe-cially in individual companies' trading results,"

said Samson Wong, head of research at Sassoon Securities Ltd.

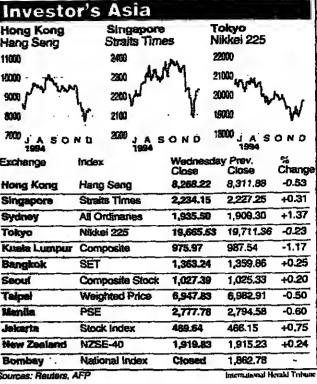
Many brokerage firms have downgraded their 1994 carnings estimates for the 33 major companies that make up the Hang Seng Index.

"Even the most conservative companies around the world have been hit by trading losses," said Mr. Wong. His firm has reduced its estimates for 1994 earnings growth to 15 percent from 18 percent for the stocks that make up the

Hang Seng Index. The benchmark index closed down 43.66 points, at 8,268.22, on Wednesday; it is down 30 percent on the year.

S.G. Warburg Securities said it did not see a turnaround coming soon. "If results in the first quarter of 1995 show further signs of margin pressure and sentiment toward China takes a further downward turn, a price/earnings ratio below 9 times cannot be ruled out," a recent Warhurg report said.

"A Hang Seng Index of 7,500 may represent the bottom of the market," it added, "unless carnings downgrades are more drastic than cur-



Tokyo Orders NTT To Let Rivals Use **Local Networks**

TOKYO - The Ministry of Posts and Telecommunications said Wednesday it had ordered Nippon Telegraph & Telephone Corp. to allow competing carriers to use its local phone lines.

The ministry said it issued the order after three long-dis-tance competitors of NTT's — DDI Corp., Japan Telecom Co. and Teleway Japan Corp. — petitioned the ministry for permission to use NTT lines to offer low-priced telephonenetworking services called virtual private networks.

The ministry said the order was necessary "to ensure a wider choice for consumers and to promote competition in the private network business." It said the ruling would not "unfairly restrict" NTT.

The order opens the way for the smaller companies, which entered Japan's telecommunications business in the years af-

ter NTT's monopoly was abolished in 1986, to offer virtualprivate-network services

laying new cahles. The networks are used mostly hy companies that want voice and data transmission networks for internal use without the cost of having extra telephone lines installed. Currently NTT is the only operator of the networks

without the need to invest in

in Japan. The status of NTT, which is majority-owned hy the Finance Ministry, will be reviewed beginning in April,

The ministry said it conducted a public hearing on the three companies' petition on Dec. 1 At the hearing, NTT questioned whether allowing the smaller companies to operate virtualprivate-network services was within the law that governed their business operations, and whether they would be allowed to set rates for the services without NTT's involvement.

Mr. Wang Buys His Dream Car In China, It Shakes, Rattles and Sometimes Rolls

By Steven Musson

Washington Past Service
BEIJING — After saving for two
years, Wang Xian and his wife, Mei, have bought themselves a piece of the Chinese dream. It has four wheels, a top speed of 60 miles (97 kilometers) per hour and a coat of snowy white paint under a layer of dirt and coal dust.

It is a car, and so far, it has been a real

Mr. Wang has made 15 visits to five different offices to pay fees and get per-mits for the car. In addition to the 57,000 yuan (\$6,700) he paid for the vehicle, he has shelled out a wad of cash for a parking space 10 minutes' walk from his home. Although only two months old, the car already rattles badly.

"We're both happy and irritated," said Mr. Wang. "Owning a car in Beijing is great, hut it's also very difficult."

The Wangs bought their Chinese-made Changhe car in mid-October, about a month before China's Ministry of Maehine-Building Industries hosted an auto show for 22 foreign automakers competing to build a new family car for China. The Chinese government has announced that three or four foreign automakers will be chosen to help modernize China's fledgling auto industry, beginning in 1996.

Their target market is the typical Chinese family - like the Wangs - that lives in two rooms, heats with coal and rides to work on old hicycles.

Companies including Porsche AG, Mercedes-Benz AG, Ford Motor Co. and General Motors Corp. took part in the show, hoping to gain early access to perhaps the last great growth market for autos. Car sales in China were around 350,000 in 1994, with about two-thirds produced domestically, hut some observers forecast annual sales of 1.4 million by

2000 and 4 million hy 2010. Success, however, is far from certain. For one thing, most Chinese cities were built for the bicycle, not the automobile. Beijing, for example, has almost no parkme space, and the streets - most of which are wide enough for only one car — are choked by bicycle traffic. Vehicle sales in China, including trucks, are currently about 1.37 million a year. The figure for

hicycles is 30.5 million. Indeed, even after the Wangs get their drivers' licenses, they still plan to ride their bicycles to work, using the car to visit relatives out of town or when they

shop for heavy items, such as coal. Cost is also a major obstacle. In a nation with average per capita income of less than \$300 a year and virtually no consumer credit, it would take a lifetime for the average person to save enough to buy a car, not to mention maintenance,

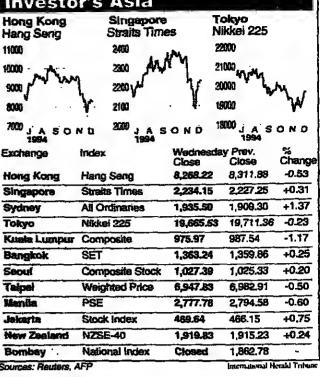
parking, insurance and gasoline.
The Wangs could afford their car because Mr. Wang's wife has her own private photography studio. If they had to rely on Mr. Wang's salary at a magazine, "it would have taken 10 years and that's if we didn't eat or drink." Mr. Wang said.

The Toyota Motor Corp., when invited to the Family Car Symposium in October, recommended the Chinese not build a car aimed at the average Chinese household because of the expense of ownership. Citing the history of car ownership in Japan, Korea and Taiwan, Toyota said only wealthy Chinese would be able to afford cars for many years to come.

■ Investor Protection Debated

The National People's Congress is considering legislation to protect investments by overseas Chinese following an increase in reported disputes between investors and local officials, Renters reported Wednesday. Foreign investment in China grew 44 percent during the first 10 months of 1994, to \$25.2 billion, ac-

cording to official figures. Eighty percent of foreign investment has been by ethnic Chinese living overseas and Chinese with foreign citizenships,



Very briefly:

• Japanese employers eliminated 128,000 jobs over the past year more than 10 times the 11,260 johs cut in 1993 - to try to cope with the lingering recession, a survey of major companies said.

• Indonesia said it had chosen four possible sites in the United States for a factory to assemble an Indonesian-designed passenger plane. The government will decide in February whether to build the \$100 million plant in Alabama, Oregon, Georgia or Arizona.

Rashid Hussain Bhd., a Malaysian financial-services company, said it signed an agreement with Daewoo Corp. of South Korea to develop an entertainment, office and residential complex in Kuala Lumpur with a potential value of 1.2 hillion ringgit (\$468 million). Taiwan's Finance Ministry has approved what it said was the first takeover in its financial sector, with United World Chinese Commercial Bank acquiring Overseas Trust Corp., which was on

the hrink of bankruptcy. Standard & Poor's Asia Ltd. affirmed its AAA ratings on Mitsui Marine & Fire Insurance Co. and Sumitomo Marine & Fire Insurance Co. but warned that both companies' profits were falling and they were likely to "consume additional capital" and pursue "possibly more risky husiness opportunities.

• Fuji Heavy Industries Ltd. said it expected to post its first net consolidated profit in six years for the current year, ending in March, but it refused to confirm press reports that it would have group profit of 5 billion yen (\$50 million).

 Pioneer Corp. said it planned to raise its overseas production to 36 percent of its worldwide output in the year starting in April 36 percent of its worldwide output.

from an estimated 27 percent in the current year.

AFP, AP, Bloomberg

Hualon's Oung Charged in Stock Affair

TAIPEI - James Oung, the chief of Taiwan's Hualon Group, and 33 other Hualon executives were charged Wednesday with violations of securities and accounting law in connection with a 3.4 billion Taiwan dollars (\$128.7 million) stock scandal in October.

Mr. Oung, a prominent legislator and husiness executive, and the others were accused of participating in a stock manipulation scheme that led four brokerages reported to be controlled by Mr. Oung to default on payments owed for buy orders on the Taiwan Stock Exchange in early October.

The benchmark weighted price index of the Taiwan Stock Exchange plunged 15 percent between Oct. 4 and Oct. 11 in the wake of the affair.

Mr. Oung heads Hualon Group, a textile-and-electronics husiness that in September 1994 was ranked as Taiwan's

ninth-largest conglomerate by Excellence October incident were in a hotel stock magazine, a Chinese-language monthly. Hualon Group had assets of 125.2 hillion dollars in 1993, the magazine Hualon's assets include investments in

Hong Kong, Malaysia and China. Taiwan's benchmark weighted price index lost 35.08 points on Wednesday, falling to 6,947.83, in part on concerns about Mr. Oung's arrest, said Scott Huang, a fund manager with China Securities Investment & Trust Co. Hualon Corp., the textile-making flagship of Hualon Group,

plunged 3 dollars to 40.7 dollars. A Taiwan high court just last week upheld Mr. Oung's conviction in an unrelated 1990 stock scandal, and sentenced him to two years and two months in jail.

In September 1991, Mr. Oung's chief stock strategist, Lei Po-lung, was involved in irregularities when he failed to settle transactions valued at 9 billion dollars.

Most unsettled transactions during the

whose price, analysts say, was manipulated to artificially high levels before the deoccurred. Selects of shares in 1 al Hotel were paid through a special Taiwan Stock Exchange settlements fund, even though buyers defaulted on their orders to the four securities companies.

Securities and Exchange Commission officials said in October they believed traders close to Mr. Oung were on both the buy and sell sides of the trade in the hotel's shares, and defaulted only after investors were no longer willing to hid up its price. Analysts said that Mr. Oung was not likely to be immediately affected by the

new charges because the case was likely to drag out for at least a few years.
"This will not be the end for Oung," said

Thomas Chien, research manager for Baring Securities in Taipei. "He still has a lot political muscle to exert in the game." (AFP. Bloomberg)

UNITED STATES BANKBUPTCY COURT SOUTHERN DISTRICT OF NEW YORK R. H. MACY & CO., INC., et al.,

Chapter 11 Case No. 92 B 40477 (BRL) (Jointy Administered)

NOTICE OF EFFECTIVE DATE OF SECOND AMENDED JOINT PLAN OF REORGANIZATION OF R. H. MACY & CO., INC.

The Court, having entered an order dated December 8, 1994 confirming the Second Amended Joint Plan of Reorganization of R. H. Macy & Co., Inc. and Certain of Its Subsidiaries, as modified the "Plan" Land all other conditions to the effectiveness of the Plan having been satisfied or duly waived prior to December 19, 1994, the Effective Date (us defined in the Plan) occurred on December 19, 1994.

Dated: New York, New York December 19, 1994

/s/ Richard M. Cieri Richard M. Cieri (RC 6062) JONES, DAY, REAVIS & POGUE North Point 901 Lakeside Avenue Cleveland, Obio 44114 (216) 586-3939

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Herald Merational Tribune

Thailand to Cut **Import Taxes**

Bloomberg Business News

BANGKOK - Thailand will reduce import taxes on 3,908 items Jan. 1 to try to sharpen its compa-nies' ability to compete.

The government also seeks to meet terms of the ASEAN Free Trade Area and the General Agreement on Tariffs and Trade.

The cats, approved Tues-day by the cabinet, will re-duce the average import duty on all items to 17 percent from 30.2 percent by Jan. I, 1997. By 1997, no import duty on any of the items will exceed 30 percent.

The tax reductions affect such goods as petrochemicals, plastics, food, alcohol, cars and spare parts.

STAR TV Seeks Legal China Entry

HONG KONG — STAR TV, the Asian satel-te broadcaster owned by News Corp., said hours of programs from China. lite broadcaster owned by News Corp., said Wednesday it was in talks with China at various levels in an attempt to get its programs legally shown there.

But a spokesman for the company refused to comment on a report that News Corp., which controls STAR, is attempting to pry open the market by selling the Chinese a system that would allow the authorities in Beijing to have control over pay-TV signals.

The Eastern Express newspaper reported Wednesday that News Corp.'s News Data Com-munications subsidiary had held talks with China's Ministry of Radio, Film and Television in mid-December about the subscriber-management system. It said that Rupert Murdoch, who controls News Corp., subsequently made a personal visit to China for further talks.

The paper said that under the proposals, a master-control unit hased in Beijing would receive raw satellite signals and then rebroadcast the ones that censors had approved. STAR said it had been in discussions over

It is currently illegal for individuals or unlicensed organizations to install and use satellite dishes in China.

Many Chinese individuals and organizations defy the ban on satellite dishes. The number of people viewing STAR in October in greater China — China, Taiwan and Hong Kong — was 38.2 million, up 15 percent from the beginning of the year, according to STAR's own estimates. The majority of these were in China, though STAR has not issued a specific hreakdown.

Pearson, TVB and Indian Paper Team Up

The Indian government has approved a \$25 million television venture between Pearson PLC. the Hindustan Times and Television Broadcasts Ltd. of Hong Kong, Agence France-Presse re-ported from New Delhi.

The venture will produce television programs for domestic and the overseas markets, Indian

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STAK said it had been in discussions over percent stake, the Indian newspaper will own 50 joint telecasts and coproduction of programs in percent stake, the Indian newspaper will own 50 China. The company has already produced a percent, and the remainder will be held by TVR. officials said Wednesday. Pearson will have a 30 Herald Eribune

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INDIA'S EURO-ISSUES

FREEDOM TO RAISE **FUNDS ABROAD** STIMULATES INDIAN STOCK MARKET

Eurobonds and GDRs raise more than \$4 billion.

Indian companies enjoyed protection from foreign competition for years, but there were costs involved. High tariff walls raised input prices and allowed industry to remain inefficient. In addition, capital was obtained at a high cost.

Indian interest rates have traditionally been high and have made borrowing an expensive proposition, but share capital was not cheap either. Government controls on capital issues and their pricing meant that companies had to sell their shares in India at steep discounts.

All that has changed. In the past two years, interest rates have been scaled down, and prime borrowers are today able to borrow at between 13.5 percent and 14 percent, down from 18 percent and more in the past. This is a step in the right direction, but Indian rates are still high by global stan-

Companies can price their equity offerings more freely today, partly because it is now simpler for them to raise funds abroad. Until 1992, only a handful of Indian companies. mainly public-sector units, were allowed to raise funds abroad, all as debt. Since 1992, the corporate sector has been given greater freedom to raise funds overseas, especially as equity or quasi-equity.

International instruments

About 50 Indian companies have done so since mid-1992, and 150 others have lined up to tap the Euromarkets. By the end of October, over \$4 billion had been raised by Indian companies from Eurobonds and global depository receipts.

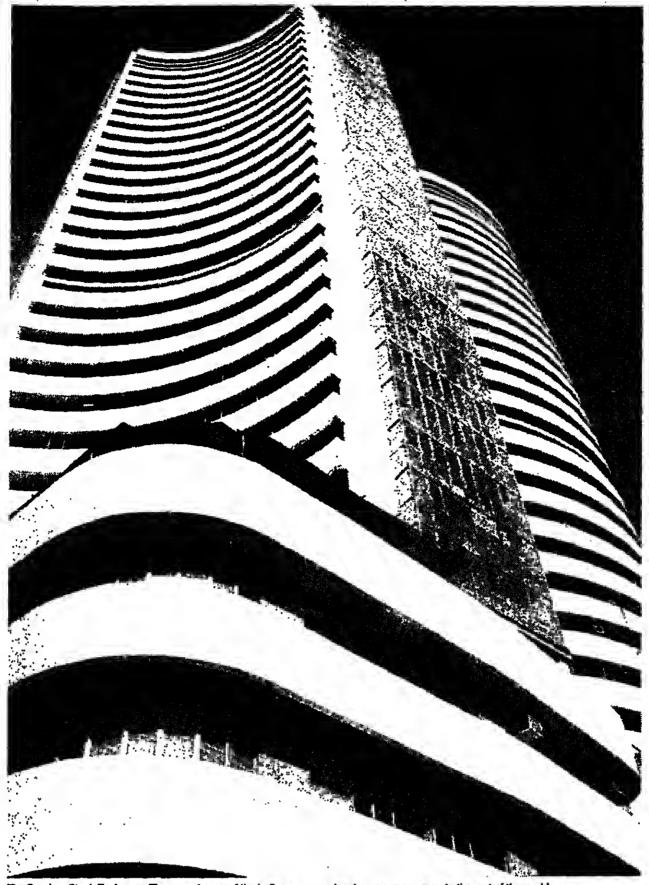
The first Indian GDR was issued in 1992. Since then, some 48 GDR issues have been made by Indian companies, representing 36 percent of the \$11 billion raised globally through GDRs so far.

In the past, many Indian companies were able to price their GDR issues at premiums over their market prices in India. The demand for Indian issues was high and growing. This phase lasted until a couple of months ago, but with rising U.S. interest rates attracting funds away from equity-backed instruments, and with global investors becoming more chary about the Indian market, the premiums have become exceptional.

Discriminating investors

B.H. Jain, chairman of the Jain Group of Industries, says: "In the Euromarket, equity is priced at market-related rates. Public or rights issues in India are currently priced at heavy discounts to prevailing market prices. Besides, so many Indian companies have launched ambitious capital expansion programs that the domestic capital market is not able to generate the necessary funds. Also, issuance costs are lower in the global markets than they are in India."

A public issue in India can cost 8 percent to 10 percent of the issue size, against about 4 percent for a Euro-issue. Jain Irrigation, part of the Jain Group of Industries, made a \$30



The Bombay Stock Exchange: The powerhouse of the Indian economy has become more open to the rest of the world.

million Euro-issue in February this year, at a price of \$11.12 per GDR, which was convertible into one share of the com-

According to Mr. Jain, some Indian companies priced their GDRs high, but "considering the medium-tem; earnings prospects for the companies, the pricing was reason-

Most GDR prices have moved in close relation to domestic share prices. The enthusiasm for Indian paper has not disappeared, hut what has happened is that global investors have become more discriminating. They realize that not every Indian issue deserves a premium. In the process, some good Indian companies have been forced to sell at a dis-

WHAT IS A GDR?

A global depository re-ceipt issued by an Indian company is a dollar-denominated instrument traded on international stock exchanges.

. It usually represents one or more equity shares, denominated in Indian rupees. The shares are issued to a depository, in whose name they are registered, and with whose agent, a cus-todian, the share certificates are physically de-posited. After a coolingoff period of 45 days, the GDRs can be redeemed

While the issuing company makes its divi-dend payout in rupees, the custodian pays the foreign investors in doi-

The issuing company does not take on any for-eiga corrency, risk, but receives the proceeds of the issue in dollars, which it can hold abroad for importing machinery and other capital goods.

With Eurobands, on the other hand, the investor carns interest.
Where the bonds are convertible, the interest accrues until the conversion option is exercised. in which case the bonds can be converted into shares of the issuing

conspany.
GDRs are an excellent instrument where international access to local stock markets is limited in India by policy or by technical difficulties.

In such cases, the prices of GDRs traded in international markets (independently of the local trading) are often higher or lower than the prices in exchange of shares. of the underlying shares they represent in the issners' local markets. This has created some arbitrage opportunities for international in-

> GDRs are a reintively new instrument in the global markets, having been introduced for the first time in 1990 by Chibank in the form of a \$40 million issue for Samsung of Korea: GDR issues worldwide. through early November. of this year totaled \$5:5 billion,

One such company is Larsen & Toubro, considered among the best blue-chip companies in India. It made its \$150 million issue at a 9 percent discount to its share price on the Bombay Stock Exchange. Another is the Indian Petrochemicals Corporation Ltd., which became the first Indian public-sector company to make an equity offering abroad. The \$85 million offering was made through a GDR issue priced at \$13.75 per GDR, representing three IPCL shares, at the equivalent of a 13 percent discount to the indi-

Not all issues have suffered this fate. Bajaj Auto, India's largest scooter and motorcycle manufacturer, raised \$110 million from a GDR issue in October at a price that was marginally higher than the price of the company's shares on the Bombay Stock Exchange.

With IPCL leading the way, several other public-sector companies, many of which have already listed their shares on the Indian markets, plan to go to the Euromarket for funds. Among them will be the Steel Authority of India Ltd., which is planning to raise \$350 million from the Euromarket early next year. The Oil and Natural Gas Corp. aims to raise \$1 billion next year.

The long list of private-sector issuers that will raise funds in the international markets include Essar Shipping (which plans an issue of \$172 million), Ashok Leyland (\$150 million), Videocon Appliances (\$150 million), Indo Rama Synthetics (\$125 million), Mahavir Spinning (\$100 million),

"More mergers and strategic alliances should stimulate the investment climate."

Mardia Chemicals (\$100 million), South India Shipping Corp. (\$115 million) and McLeod Russell (\$100 million). In addition, India's financial sector giants are preparing to tap the Euromarket. The State Bank of India, the country's largest commercial bank, the Industrial Development Bank of India and Industrial Finance Corp. of India, the country's largest development banks, are among those planning to raise funds through GDR and bond issues abroad.

The flurry of GDR issues has created a multi-billion-dollar market for Indian paper outside India, to around 3.5 percent of the total capitalization of the Indian market. Some observers expect the proportion to rise to over 5 percent.

The Indian market should continue to grow as industry in the country expands. Companies are busy with expansion and diversification plans, and they need funds. One such company is National Organic Chemical Industries Ltd. It is merging with its associate Polyolefins Industries Ltd. and has an expansion-cum-modernization project that will require around \$1.5 billion.

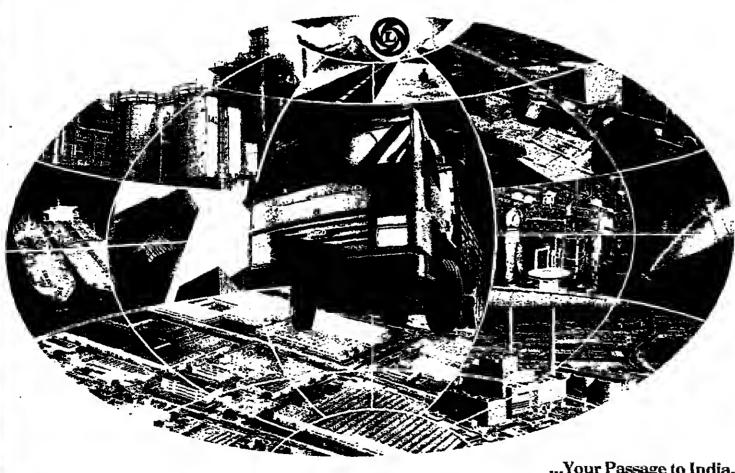
N.M. Dhuldhoya, NOCIL's managing director, says: "The economic outlook over the next three years is bright. Agriculture, with an estimated growth of 5.5 percent in the current year, has made a significant contribution to the country's GDP. With agricultural surpluses, India's growth prospects assume new dimensions. India is on a fast growth track, and by 1998-99 an 8 percent real GDP growth should become the trend."

Mr. Dhuldhoya adds: "Corporate performances have been remarkably good, and more focused strategies involving mergers and strategic alliances should stimulate the invest-

ment climate." Earnings per share have risen steeply in the first half of the current fiscal year, and the buoyancy is expected to continue as the country pushes ahead with its reform program. In this scenario, the prices at which Indian issuers offer their GDRs may fluctuate, but demand should remain buoyant for some time to come.

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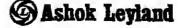
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EURO-ISSUES INDIA'S

INDIAN ECONOMY IS BOUNCING BACK

A strong rupee and a dropping inflation rate are giving business executives new confidence.

After two years of stagnation. To begin with, foreign direct investcaused partly by the tight-money policy adopted by the government in 1991 to bring double-digit inflation under control, Indian industry is back on the growth track. Sales of a wide range of products are booming, and the impact is showing in the half-year results of most companies listed on the Bombay Stock Exchange.

Most groups have been able to control the damage caused by the recession and intensified competition. As sales rise, businesspeople are sounding decidedly more cheerful.

Leading the industries that have Exports grow bounced back after the past two years of recession are the automotive sector, steel and chemicals.

Some companies, such as truck maker Tata Engineering and Locomotive Company, and petrochemicals producer Reliance Industries, are predicting turnover growth of over 30 percent in the current year. The Narasimha Rao government feels it has succeeded in turning the economy around in two

Economic reform

Earlier this year, there were fears of inflation going back to double digits after the tight-money policy had brought growth in prices down to less than 7 percent. The inflation rate actually rose to over 11 percent, but Finance Minister Manmohan Singh was able to bring it back to singledigit levels in August, a month before his promised deadline.

Today, New Delhi is faced with what is almost an embarrassment of riches, Foreign exchange reserves have burgeoned to \$20 billion. They were down to \$1.1 billion in Juoe 1991, just before the present government came to power and launched its economic reform pro-

Far from worrying about the rupee, which was falling precipitously three years ago, the government is now trying to hold it down. The Reserve Bank of India, the country's central bank, has been buying millions of dollars daily to prevent the rupee from floating up. The result is that despite the steady deregulation of foreign-exchange transactions on the current account, the rupee has remained remarkably steady at around 31.37 rupees per dollar for over a year.

The growing comfort levels in foreign reserves are due to several factors.

ments have shot up from a dismal level of \$120 million a year in the second half of the 1980s to over \$1.2 billion in 1993, and they are expected to keep rising. In addition, foreign portfolio investments in Indian stock markets totaled \$2.4 billion in July 1994, up from nothing a little more than a year ago, and Indian companies have raised nearly \$4 billion from GDRs, Eurobonds and debt instruments. Finally, buoyant exports are bringing in more dollars than ever before.

Keeping the rupee down through open market operations has helped exports, which have grown at a rapid pace while the two-year recessionary period kept imports on a leash. Suddenly India's balance of trade, which was bordering on the desperate three years ago, is beginning to veer toward a surplus.

This happened despite a steady deregulation of imports and across-theboard scaling down of tariffs. Freer and lower-cost imports have helped exporters. Capital goods, as well as raw

> Foreign exchange reserves have burgeoned to \$20 billion.

materials and components, have become cheaper, helping producers to improve quality and reduce production

Some machinery makers and commodity producers have been hurt by the reforms. There are several inefficient producers in India that have been unable to compete in spite of the reduced rupee value. There are many others, however, that are becoming increasingly competitive.

India's existing capital goods manufacturing and engineering base is help-ing. With low design, fabrication and assembly costs, machinery making and project engineering are very competitive. The lower equipment costs, in textile machinery, for example, enable producers of final products to become more competitive.

One hurdle to greater global competition is high interest rates, which are running at about 14 percent for prime and improving productivity."

borrowers and medium-term commercial loans, compared with over 18 percent two years ago. The trend is downward. Combined with reduced taxation, this augurs well for Indian industry. The general expectation is that indirect as well as direct tax levels will be reduced in the next budget, due in February 1995.

Bigger markets

Industry is looking forward to further improvement in performance in rapidly growing markets. In the case of Indian car sales, for example, Bajaj Auto Ltd. expects sales to double to 400,000 units in the next five years.

Research commissioned by Matsushita Electronics of Japan has indicated that sales of Indian color television sets will double to 2 million by

In consumer goods, two things are happening. A rapidly expanding middle class (estimated at around 250 million people), deprived in the past by licensing and tariff policies of the com-fort of better-quality packaged prod-ucts, is taking to new brands with great enthusiasm.

> In mass consumer products, like soaps and detergents, the growing prosperity in rural areas and the effect of expanding satel-lite and cable-based media are stretching the markets.

The stock markets are booming as a result. The Bombay Stock Exchange's index dropped below 2000 in April 1993, from an April 1992 peak of 4546.58, after revelations of a nationwide securities scandal. But it is now scaling new peaks every few days. On September 12, 1994, for example, the index was at an all-time bigh of 4643.31, and observers expect the boom to last at least through the first half of 1996.

Controls lifted

The number of new public offers is growing, and so are the collections. With controls on the pricing of public issues being lifted early in 1992, companies have used the market to raise cheap funds to repay debts and thus re-

D. Basu, chairman of the giant State Bank of India, says: "The key issues for Indian industry as it seeks to compete with global players are updating technology, enhancing operating scale



The Bombay Stock Exchange index reached record levels in the last months of 1994, and observers expect the boom to last into 1996.

BUSINESSMAN'S VIEW ON RAISING CAPITAL

"The government need not have any apprehensions of a large inflow of foreign exchange in the short term."

India's second-largest truck manufacturer, Ashok Leyland, which has a 34 percept share of the Indian truck and bus market, is planning to make a \$100 million to \$150 million Euro-issue in the near future. The Indian commercial vehicle industry, which suffered a downswing because of a tight-money policy and recession, is now on the upswing, and Ashok Leyland should benefit from the industry's improved for-

The company, which dominates commercial vehicle sales in South India, is a joint venture between two international companies, the Londonbased Hinduja group and Iveco of Italy. Asbok Leyland, based in Madras, Tamil Nadu, is also involved in a 1,000 megawatt power plant at Visakhapatnam, Andhra Pradesh through a separate joint venture company, in association with the Hinduja group and the National Power Corp. of Britain,

R.J. Shahaney, managing director of Ashok Leyland, says: "On the company's plans to tap the Euro-issue market. we shall perhaps consider launching the issue in the first quarter of 1995. Arrangements are being finalized. The funds are being raised to meet the company's expansion plans.'

Mr. Shahaney has these comments on the Indian government guidelines for GDR issues (one per year per com-

pany, two per year per group): "The guidelines are basically cautious steps to regulate foreign-exchange inflows. Considering the magnitude of industrial growth expected to take place in the coming decade, the government need not have any apprehensions of a large inflow in a sborter period. What is required is an effective foreign-exchange inflow management to insulate the economy from short-term inflationary

Price-earnings ratio

Commenting on the feeling of some foreign investors that the prices of Indian shares are too high. Mr. Shahaney says: "In an emerging economy like Intha, the rate of growth of industry and GDP is expected to be much bigher than the growth rates recorded by developed nations. This is one of the main reasons for the price-earnings ratios of Indian shares being high. Because of the growth potential of companies in emerging economies, foreign investors are prepared to pay a high price. In the course of the next 10 years or so, once inflation and growth rates of the economy stabilize, the price-earnings ratio should come down and relate to the interest and yield structures, as in other developed nations."

Asked why Indian companies are not making American depository receipt

(ADR) issues, and whether Ashok Leyland had considered listing on the New York Stock Exchange, Mr. Sbahaney said: "So far Indian companies have been looking at the Euromarket, even though on a limited scale. They have accessed the U.S. market by offering GDRs to qualified institutional buyers. Since the size of the issues has been relatively small, Indian companies have not looked at ADR issues, which would address the large retail market of the United States. The experience of Indian corporations in the last 18 months indicates that it is necessary to reach out to wider markets. Well-run corporations, I am sure, will consider

ADR issues in the coming years."

Mr. Shahaney adds: "Listing on the New York Stock Exchange would require adoption of international accounting standards, greater transparency in reporting and publishing of quarterly earnings. Many companies like Ashok Leyland do have sound accounting policies, which are in conformity with international accounting standards. The Indian stock exchange regulations now require publication of results on a half-yearly basis. It would be relatively easier for companies like ours to conform to the listing requirements of the New York Stock Exchange, which will be considered in



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Managements introduce a new flexibility and liberalization to needs of a rapidly altering business environment.

Indians have proven to be good bankers, and many are employed in American and British banks abroad as well as in India. Although the formerly straitjacketed Indian financial sector was not the best place to develop their acumen, it did manage to create a large pool of highly qualified and talented managers who are able to combine prudence with risktaking ability.

SPONSORED SECTION: (2)

TO BELL

They constitute a strength that can help propel the Indian financial sector to the forefront of global finance now that they are no longer held back by government policies. Since 1969, when the country's 14 largest private banks were nationalized in the name of socialism (more were subsequently nationalized L banks had no choice but in obey New Delhi's diktat.

The regime of controls sometimes forced commercial banks and development banks to lend to horrowers with poor creditworthiness, The idea was to encourage small entrepreneurs, support farmers, facilitate exports and generally to fulfill various social objectives prescribed by the government.

Social gains were, in fact, made. The banking habit spread to rural areas, where the new economic policy, the government forced the big-city-based banks to expand, regardless of viability.

•:



Savings and deposits rose rapidly, and as loans for agricultural purposes rose. so did prosperity in a growing number of districts, in the process expanding the markets for consumer prodticts, durables and farm in-

Subsidized rates

The trouble was that the banks had to bear the burden of subsidized interest rales and, worse, of bad debts that had to be written off on a large scale. Their plight was made worse by high statutory liquidity and cash reserve requirements that blocked funds which could have been usefully employed.

Strong unions refused to negotiate productivity benefits in return for improved wages and benefits. Since interest rates and financial products were kept uniform and inflexible across the board, the banks were prolected, and inefficiency thrived. Industry had to pay higher costs, and the consumer suffered.

All that is changing now. With liberalization, the branch network is due for rationalization. Many branches may be closed down, lightening the hurden on the banks balance sheets. Some flexibility has been introduced in the interest-rate structure, allowing banks to vary their interest rates for different borrowers.

Simultaneously, companies have been directly tapping the Indian and overseas capital markets, putting pressures on banks. As capital adequacy norms are enforced, the pressure to intprove performance is growing. The government is also more willing than past governments to adopt a handsoff policy.

Privatization challenge

More change is expected as a result of privatization. Already, the Reserve Bank of India, the country's central bank, has permitted more than half a dozen companies to begin banking operations. These include the Unit Trust of India, the British-based Hinduja group. Global Trust Bank, the Times of India group, the Housing Development Finance Corp. and 20th Century Finance. The Exim Bank of India and the Industrial Development Bank of India have received

approval in principle. Real privatization is yet lo come. Several public-sector banks, including the Orien-, Ial Bank of Commerce, Cunara Bank and the Bank of Baroda, are going public soon. Others, such as Dena Bank and Union Bank, are expected to follow within a year or Iwo, depending on how soon they strengthen their halance sheets.

There are currently 27 privale indian banks (most of them were established years ago and remained untouched by the nationalization programs because they were too small to bother about), and 24 foreign banks operating in the country. The foreign ones include American Express. ANZ-Grindlays, Bank of America, Citihank, Deutsche Bank, Hongkong Bank and Standard Char-

Public and private hanks are today vying with nnc another to grah a slice of the growing non-fund husiness. As Indian industry restructures to meet the challenges of an opening economy, the scope for merchant hanking. investment banking, mergers and acquisitions, and other advisory services is growing rapidly.

Plans at the State Bank of India, for example, "aim at reorganizing and re-equipping the hank to cope with the vasily altered husiness environment resulting from according to the bank's chairman, Mr. Basa, "We have recently raised new

D. Basu, chairman of the State Bank of India:

"Difficult challenges as well as exciting opportunities."

capital and now have comfortable capital adequacy. Our competitiveness in the markets we operate in is well established, and we are confident of maintaining it."

European presence

the process of building a strong presence in Europe. Its wholly owned subsidiary, SBI European Bank Lid. (known as SEBAL), was incorporated in Britain in December 1992 with the purpose of providing banking support and advisory services in non-Indian companies planning to do business in India as well as to Indian businesses with operations in Europe. This new bank was created because of the SBI's bullish view of trade and investments between Europe and India.

Mr. Basu believes that the future holds "difficult challenges as well as exciting opportunities." Existing trade between India and EU countries accounts for about a third of India's total imports and a fourth of India's total exports. Mr. Basu adds: The future offers even greater opportunities, though it is potentially fraught with difficulties for organizations, Indian and European, which have little or no previous experience in the bilateral trade relationship."

According to the SBI management, SEBAL has already helped a large number of organizations develop trade and investment relationships between Europe and India. The SEBAL involvement has included export credit agency-backed loan packages, structured trade finance, and participa-

tion in Euro-issues.

Mr. Basu says, "Exciting new business apportunities are identified virtually every day, particularly as relation-ships develop with other key international banking orga-nizations." SEBAL is positioned as 'a wholesale bank specializing in investment and merchant banking services," which are especially relevant to small and medium-sized companies.

Mr. Basu believes that the combinatinn of operations (merchant banking, trade fi-nance, export credits, syndicated lending, project finance, treasury operations, corporale finance, and deposits) and the skills and experience required to run these operations "will provide our customers with many significant advantages as they enter uncharted territorics.



Computerization plays a large part in the drive by Indian banks to adapt to an expanding horizon.

He adds, "Our network of contacts and in-depth local knowledge is extensive and has enabled many organizations to avoid some of the costly problems experienced hy other companies when starting new business ventures in unknown regions or marketplaces, Customers will experience standards of personal service and attention that larger, less focused banks find almost impossithrust area of business. ble to match." According to him, "SEBAL offers all the advantages of a small, focused bank but has the backing of one of the world's largest and most experi-

enced banking groups. The SBI is expanding nperations in Russia by acquiring an equily stake in the In-Iernational Moscow Bank. II is in the process of working out the details of the joint

venture.

The SBI management has decided to make a Euro-issue in the range of \$200 million to \$250 million to strengthen its tions. The bank's desire to tap the Euromarket is linked to the growing ambition of Indian corporates to expand their overseas operations as well as to the growing demand for lerm loans in foreign curren-

The country's largest devel-opment bank, the Industrial Development Bank of India, is also responding to the external changes. "We have expanded our range of services to include a number of fundbased and non-fund-based services," says S.H. Khan, the bank's chairman and managing director. "IDBI has entered the husiness of equipment leasing, which is a growth segment in the new business environment. The scope of venture capital has quisitions. been expanded as another The merchant banking di-

Advisory services

Other areas receiving attention at IDBI are merchant banking and corporate advisory services, including mergers and acquisitions. The IDBI will launch a commercial bank, a mutual fund operation and a stockbroking unil before March, according to Mr. Khan.

He says the bank will sell up to 25 percent of its equity capital in the domestic market to raise an equivalent of \$640 million, and raise a fur- Peat Marwick, to suggest a ther \$200 million or more structure for its bank. The irom a Euro-issue bank's management has decided to tap the capital mar-100 percent to 51 percent,

The IDBI's commercial bank will be headquartered in Indore in the state of Madhya Pradesh. The IDBI's asset management company will launch two munial funds, one domestic Kong.

and one offshore. Also in the cards is a subsidiary stockbroking firm that will deal on the National Stock Exchange. The development bank has already taken steps to strengthen its merchant banking business, and has set up a special cell to handle corporate advisory services and mergers and ac-

vision lead-managed 77 capital issues, totaling some \$2.2 billion, making it the third-largest merchant banking unit in India in terms of the number of issues as well as the volume of funds handled. Among other future activities, the IDBI will focus on venture-capital operations.

The IDBI is also restructuring its operations to face the challenges of a competitive environment. It has appointed the international consultancy firm, KPMG hard look at IDBI's goals and its organizational strucket to reduce the govern- ture and suggest changes to ment stake from the present enable the instilution to retain its top position in the Indian institutional hierarchy.

Meanwhile, the bank has decided to set up offices in New York, Tokyo, either Frankfurt or London, and either Singapore or Hong

Issuer	issue	Issue	Issue	Shares
	date	size (\$ million)	price (\$)	per GDR
Reliance (old)	May '93	150.00	16.35	2
Grasim (old	Nov '92	90.00	12,98	1
Hindalco	Jul '93	72.00 ·	16.10	i
SPIC	Sep '93	75.00	111.15	5
TC	Oct '93	68.90	15.30	1
Bombay Dyeing	Nov '93	50.00	9.20	1
Mahindra & Mahindra	Nov '93	75.00	7.44	1
Sterlite	Dec '93	100.00	17.88	1
Gujarat Ambuja Cement	Dec '93	80.00	11.90	1
Arvind Mills	Jan '94	125.00	9.78	1
Indo Gulf Fert	Jan '94	100.00	4,51	1
Indian Rayon	Jan '94	125.00	22.51	1
Videocon	Jan '94	87.00	8.10	1
G.E. Shipping	Feb '94	100.00	15.94	5
indal	Feb '94	60.00	10.15	1
Jain Irrigation	Feb '94	30,00	11.12	1
Reliance (new)	Feb '94	300.00	24.10	2
Tata Power	Feb '94:	75.00	710.00	10
United Phosphorus	Feb '94	. 55.00	41.00	1
Wockhardt	Mar '94	75.00	28.69	. 1
Garden Silk	Mar '94	50.00	26.28	5
CESC	Apr '94	125.00	53.34	5
Grasim (new)	May 94	100.00	20.50	1
DCW	May '94	25.00	13,55	5
Tube Investments	May '94	45.00	8.76	. 1
Core Parenterals	Jun '94	70.00	12.60	1
Dr. Reddy's	Jul '94	48.00	11.16	1
E.I.D. Parry	Jul '94	40.00	8.39	1
Finolex Cables	Jul '94	100.00	. 16.60	1
lindalco (new)	Jul '94	100,00	24.00	1
Renbaxy	Jul '94	100.00	19.37	1
Telco	Jul '94	100.00	14.00	. 1
Sanghi Polyester	Aug '94	. 50.00	9.56	1
S.I. Viscose	Aug '94	45.00	6.37	1
CT	Aug '94	45.00	16.96	10
Century Textiles	Sep '94	100.00	254,70	. 1
E.I. Hotels	Oct 94	40.00	13.95	. 1
SNFC	Oct 94	55.00	12.75	5
ndia Cement	Oct '94	45.00	8.45	
Jsha Beltron	Oct 94	35.00	10.70	
I.K. Corp.	Oct 94	55.00	8.00	
	Oct 94			
Sharam ind. Ent		40.00	14,64	
Bajaj Auto	Oct 94	110.00	25.33	1
find Development	Sep '94	76.00	2.05	
NEPC Micon	'Nov '94	48.00` 60.00	3.18 15.92	· 1
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Raymond Woollen Larsen & Toubro	Nov '94 Nov '94	150.00	16.70	

INDIAN GDR ISSUES

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SPORTS

Both Sides in Baseball File Accusations of Bad Faith

Campiled by Our Staff From Dispatches WASHINGTON - Major league baseball's labor dispute has officially moved from nego-tiation to litigation, with the striking players and the team owners accusing each another of failing to bargain in good faith in unfair labor practices charges filed with the National Labor Relations Board.

The Players Association asked the NLRB oo Tuesday to seek an injunction from a federal court against the salary cap the owners implemented Friday. In their charge, the owners said the union has engaged in "surface bargaining" and failed to fulfill its obligation to negoti-

ate players' wages collectively.
Daniel Silverman, the
board's New York regional director, said he did not expect the cross-charges to delay his staff's investigation of the dispute. He said that cases general-

ly took four to six weeks to investigate, which means the two sides should know the outcome of this initial phase in the first balf of February.

"We folly anticipate that we'll be able to begin the investigation immediately and make a recommendation to the general counsel as soon as possible," Silverman said.

The board's general counsel, Fred Feinstein, on Silverman's recommendation, could decide to issue complaints against both sides, agaiost only one or against neither. A hearing before an administrative law judge would follow the issuance of a complaint. But his ruling could be appealed to a fivemember labor board, then to a federal appellate court and finally to the Supreme Court.

But in the NHL, Not a Peep

NEW YORK -On the 88th sertion, saying that the unioo day of the National Hockey League's lockout, the two sides couldn't even agree on why they

weren't negotiating. A league executive, speaking on condition of anonymity, said a meeting had been tentatively scheduled for Thesday, but that it was canceled Friday by the NHL.
Players Association after the union insisted that it would resume discussions only if manage-ment made no renewed demands for a payroll tax or for additional

arbitration concessions. A person with firsthand knowledge of the union's collective-bargaining efforts, who also spoke on condition of oot tice to the game itself."

If they issue a complaint, Silverman and Feinstein also will

had told the league only that the demand for a payroli tax would keep it from resuming talks. While executives argued behind the scenes through third parties about who said what. others spoke on the record

burgh Penguins. He was one of the few league governors to warn against the lockout before it began on Oct. 1.

"It's a crying shame we dido't get it done before Christmas," Baldwin said. "It's a great injus-

decide if seeking a court injunction would be appropriate. For the players, an injunction would prevent the clubs from operating under the salary cap until it was determined whether the owners' declaration of a bargaining impasse and implementation of new work rules were proper. For the owners, an injunction would require the players to return to the bargaining table and negotiate in good

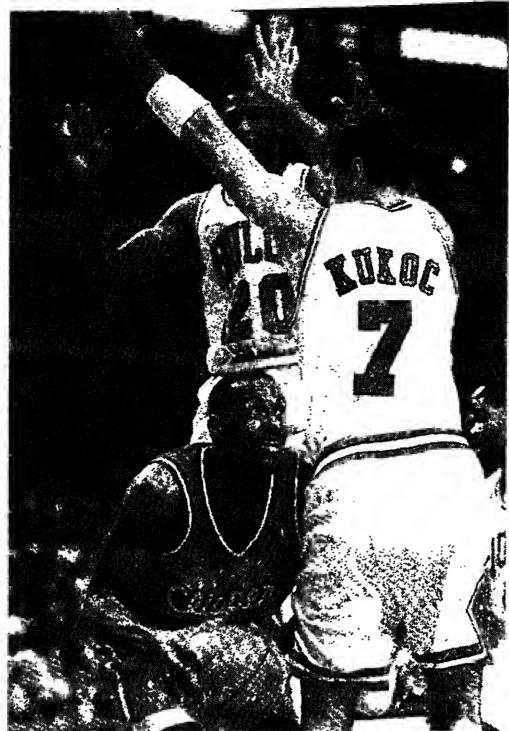
Meanwhile, the special mediator, William J. Usery, has expressed a desire to remain involved in the negotiations. according to the management attorney Chuek O'Connor. O'Connor, after speaking to Usery, said: "I had the impression he wants to remain involved. I certainly would encourage him to do so."

Usery was not available to comment. A spokesman in his office said the former labor secretary, enlisted by the Clinton administration to mediate the dispute, planned to talk to the union chief, Donald Fehr, and to Secretary of Labor Robert B. Reich before making a state-

O'Connor said oo plans had been made for negotiations to resume. "When you break off the way we did and people start to go to the NLRB, the courts and Congress, the prospects for resuming negotiations quickly are oot good," he said.

The players' challenge of the owners' impasse declaration was expected. The owners' charge was somewhat of a sur-

"What we're alleging is this union, like any union, has an obligation to oegotiate the col-



lective cost of labor," O'Connor Forward Lamond Murray may have been stymied by the Bulls' Pete Myers and Toni (WP, NYT) Kukoc, but he could smile because his Clippers, for a change, were winning a game.

Clippers Pull Off A Rarity in Chicago

Tony Kukoc knew exactly what the Chicago Bulls' prob-

lem was. "We couldn't hit shots, we couldn't rebound and we had plenty of turnovers," said Kukoc, who tempered his 21 points with eight turnovers as the Los Angeles Clippers were winning, 95-92. Tuesday night.

The Bulls also didn't have Scottie Pippen, who was ejected from the game with 2:13 left in the second period.

The Clippers, on the other hand, got their first victory on the Bulls' home court since Jan. 26, 1979, when the Clippers called San Diego home and the Bulls played in Chicago Stadi-

"It didn't matter if Scottie was out or Scottie was in," said B.J. Armstrong, who missed the basket more than he missed Pippen, failing on 16 of 20

Los Angeles was 0-17 in Chicago before the win, and the victory snapped a five-game losing streak, raising the Clip-pers' record this season to 4-23.

Pippen scored 18 points on 8for-11 shooting, grabbed five rebounds and bad out three assists before he was ejected for swearing at referee Terry Durham when protesting an offen-sive foul. He had received a first-quarter technical foul for taunting the Clippers' center, Charles Outlaw, after dunking over him, and the secood technical meant an automatic ejec-

Rockets 105, Hawks 93: In Houston, Hakeem Olajuwoo

had 35 points and 16 rebounds . as Houston kept Atlanta's . Lenny Wilkens from tying Red Auerbach's NBA coaching record for victories with 938.

Warriors 129, Lakers 105: Tim Hardaway, Latrell Sprewell and Tom Gugliotta each scored 20 points and Rony . Seikaly grabbed a season-high 17 rebounds as Golden State crushed visiting Los Angeles.

Suns 119, Mavericks 118: Kevin Johnson's 16-foot haseline jumper with 3.7 seconds

NBA HIGHLIGHTS

left capped a Phoenix rally from a five-point deficit with less than a minute to play. It was the visiting Suns' 11th consecutive

victory over Dallas.
Johnson finished with 28 points, while Charles Barkley had 22 points and 16 rebounds as the Suns won for the 10th time in 11 games.

Jim Jackson scored 31 points for Dallas, but his running shot in the lane at the buzzer rimmed out. Jamal Mashburn had 30 for the Mavericks, who led 118-113 with 52 seconds to play.

Spurs 119, Hornets 108: Da- ! vid Robinson scored 16 of his " 30 points in the third quarter. and Chuck Person sank five 3pointers as San Antonio won its seveoth straight by downing visiting Charlotte. Person fin-ished with 21 points.

The Hornets' center, Alonzo. Mourning, injured his right foot in the second quarter and didn't

Duke and UMass Fly Far To Have Wings Clipped

The Associated Press Duke traveled 5,000 miles to

have this happen? The seveoth-ranked Blue

Devils flew from Durham, North Carolina, to Honolulu for the Rainbow Classic. It was a long trip, but a short stay in the tournament as Iowa knocked off Duke, 81-71, in

Tuesday's opening round.
Jess Settles, scheduled to play two minutes, got in 23, scoring 28 points and grabbing eight rebounds. He and full-court pressure were the difference for the Hawkeyes (9-1).

"Settles was incredible," said Duke' coach, Mike Krzyzewski. Imagine if he had been practicing the last 17 days?"

The sophomore forward, the Hawkeyes' leading scorer at 19.7 points a game, had missed four games with a back injury.
"I was hoping I could come

back against a lower caliber opponent," Settles said. "As most athletes do, I was running oo adrenaline and the back held up. I was supposed to play two minutes, see bow it felt and try

for some more minutes. Now

I'll see how it is when I try to get out of bed tomorrow."

Cherokee Parks led the Blue Devils (6-2) with 22 points. The fourth-ranked Univer-

sity of Massachusetts, having flown almost as far, fared even worse in Strasbourg, France. The Mioutemen lost twice. dropping two 20-minute minigames to the French profession.

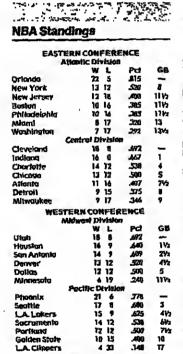
COLLEGE HIGHLIGHTS

al teams Strasbourg and Pau-Orthez in the Buckler-Christmas Challenge.

The good news for coach John Calipari and his club was that both the 57-52 overtime loss to Strasbourg oor the 44-43 defeat by Pau-Orthez were exhibitioo games, and the Min-utemen officially remained 5-1.

In the overtime against Strasbourg, the Minutemen were particularly sloppy and the host team was able to take advantage, led by Jeff Martin, a Murray State product who paced all

SCOREBOARD



DENNIS THE MENACE

"YOU MEAN THAT THE GOOD OLD DAYS WERE WHEN MR WILSON WASN'T GOOD OR OLD?"

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GRAFEO

New York New Jersey

NY: Smith 6-148-18 20 Storks 7-124-622; NJ: Brown 4-10 8-10 16. Mortis 8-19 4-5 21. Re-bounds—New York 41 (Ewing, Moson 81. New Jersey 41 (Brown, Gilliom 11), Assists—New York 24 (Ewing, M.Willioms SI, New Jersey 19

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L: Richardson 8-164-427, Murray -154-9-19;
C: Pipper 9-11 3-2 18, Kukoc 8-16 3-7 21. Re-bounds—L.A. Clippers 40 (Massenbury 6), Chicago 46 (Perdue ISI, Assists—L.A. Clippers 17 (Richardson 18), Chicago 19 (Kukocé).

111. Daties 32 (Kidd 16).
Aliente 24 25 17 15— 93
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H: Otal uwon 14-25 7-7 25, Herriera 8-12-2-2 18.
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PEANUTS

GARFIELD

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1: D.Dovis 5-11 5-6 15, Smilts 15-22 3-3 32: C: R.Williams 6-16 0-0 15, Abdul-Rouf 7-12 6-6 22, Rebeunds—Indiano 56 (Smilts 14), Denver 42 (Mutemba 18), Assists—Indiano 17 (Miller 6),

(Muteraba 18). Assists—Indiana 17 (Müller 6).

Denver 19 (Pock 6).

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How the top 27 fearts in The Associat

Tuesday: S. Kentucky (4-1) beat Marshall 116-75. 5, Kentecky (4-1) boar Marshall 116-15. Next: at Louisville, Sundary: 7, Debe (4-2) last to lower 81-71, Next: vs. Boston University of Hambulty, Thursdory: 8, Contractical (4-0) boat Illinois 71-54. Next: vs. Northeastern at Hart-ford, Conn., Eridoy: 9, Marshald (9-2) boar La

17, Wisconsia 16-21 last to Stanford 95-74.

Diego, Saturday: 25.51, Julia's (7-0) best Man-hotton 01-70, Next: vs. Pennsylvania at Madi-son Sayore Garden. Thursday. Other Major College Scores

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Mississippi St. 76, St. Joseph's 66 For West Classic

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ENGLISH PREMIER LEAGUE Ingham Fares! 1. Norwich 0

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ter tinited 44 Newcastle 39, Nottingham For-est 39, Liverpool 36, Leeds 32, Norwich 30. est 77, Liverpool 36, Leeds 32, Morwich 38. Tollenhom 30, Chelso 28, Mornichater City 28, Arzenol 25, Coventry 25, Wimbledon 25, South-omaton 24, Shefifeld Wednesdoy 24, Crystal Policio 21, Owens Purk Rangers 23, West Ham 22, Everton 19, Asian Villa 77, Lekaster 1, Inches 27, Leanne 22, Leanne 22, Leanne 23, Leanne 24, Leanne 24, Leanne 25, Leanne 25

INTERNATIONAL FRIENDLY

SECOND TEST England vs. Australia, 4th Day Wednesday, 1a Melbourne Australia 2d Innings: 320-7 (declared) Empland 2d Invines: 79-4

SECONO TEST South Airico 1st Innings: 226 (ell out) New Zeoland 2d Innings: 48-3 Committee to the state of the s

BASKETBALL National Beststball Association
OETROIT—Activated Oliver Miller, center, from the Injured Ital.
NEW JERSEY—Placed Scan Higgins, guard, on the Injured Ital. Activated Christonids, guard, from the Injured Ital.
NEW YORK—Placed Charles Onkiev, forward, on the Injured Ital. Activated Doug Christe, forward, from the Injured Ital.
WASHINGTON—Placed Chris Webber, forward, on the Injured Ital.

word on the Injured list.
FOOTBALL
National Footbak Leasus
ATLANTA-Signed Clay Matthews.

backer, to a one-year contract.

running books cooch.

CINCINNATI-Fired Mary Broden, special

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Charlie Wariers, defensive coordinator.
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guard; and Carles Etherlaise, light and. PHILADELPHIA—Find Rich Kotile. coach; Bud Carson, defensive coordinate; Zeke Brythavski, attemptve coordinate; Liew

cooch; Bill Mulr, offersive line cooch; Jim Vechlorella, linebackers cooch; Jim Wil-lladas strength cooch; Larry Pasquale, se-ctal teams coordinator; and Richard Wood,

SUFFALO-Named Crais Circus toutball

FDRDHAM—Announced Connie Mack. center, with miss line 1994-95 season due to injury and will still have three years of eliaf-bility remaining.

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nter, receivers coach; Peter Glumb, dary coach; Babby Hommand, special

DENVER-Announced the resigno

CALVIN AND HOBBES





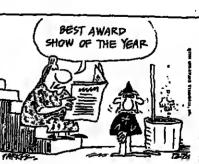




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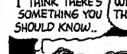
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ONDON - So Pelé is to be Special Minister for Sport in

DNDON — So Pelé is to be Special Minister for Sport in Brazil's new administration. To many millions, this is a demotion; their Pelè has always been the king of soccer, and from the throne of royalty to the seat of politics could be a step up only if he were given the power to confront the corruption in his game. Now is the time, while the politicians court his popularity. Fernando Henrique Cardoso, Brazil's incoming president, has referred to the 54-year-old Pelè as "a symbol of Brazil that has come up from the roots... that has triumphed." Another governcome up from the roots . . . that has triumphed." Another government official went further, describing him as "a symbol of new optimism, of a new era in our development."

So much symbolism. But Pele, born into poverty and christened So much symbolism. But Pelė, born into poverty and christened Edson Arantes do Nascimento, has had that ever since the 1958 World Cup in Sweden propelled the boy from Bauru toward stardom. He was 17, an exceptional all-round player, goalscorer and budding diplomat. He grew to handle himself with grace during a 20-year competitive career in which he accumulated 1321 goals fame and wealth.

1,321 goals, fame and wealth.

Pele's education was literally worldly. Symbolism knew no bounds: There were audiences with two Popes, 10 kings, five emperors, 70 presidents and at least 40 other heads of state. It was said that a two-day truce was declared in Nigeria at the time of the Biafra war so that both sides could watch him play. The Shah of Iran, it was written, spent three hours at an airport waiting to speak with Pelė. And Chinese fron-

· ·

tier guards reportedly left their posts to greet him on Hong Kong territory. Throughout it all he has been a

marvelous handshaker, an enthusiast, a front man who could sell any product at any level of society. If Pele had to work at this, if relentless approachability ever taxed him, he hid it well. I have been in his company on either side of his divorce, either

side of his roller-coaster ride from millionaire to relative poverty and back to millionaire. Seldom has he allowed weariness to show, never have I known him unwilling to sign an autograph or fail to stroke a baby's cheek. A born politician, you might think, I wonder.

Pelé is a simple man, although far from being a simpleton. He knows his worth, knows his path, though he follows instinct in life as he did on the field. Soccer is the core of it. Pelé will discuss it anywhere, anytime. He exudes, in many ways, the joy that we sometimes despair of sustaining itself in rising generations. And up to now, Pelè has never seemed a sporting has-been, even 25 years after his prime. If he seeks serious political achievement, however, that enormous goodwill is at risk.

Never before has Pelè shown administrative acumen, and

possibly his advisers can guide him through that. But every politician has foes. And while Pelé, to my knowledge, has had a public run-in with only one man, that man happens to be Ricardo Teixeira, who presides over the CBF, Brazil's soccer federation. More than that, Teixeira is the son-in-law of João Havelange, the Brazilian president of FIFA who single-handedly harred Pelé

from the World Cup draw in Las Vegas a year ago.

It was an horrendous example of Havelange's vindictiveness, and an early warning that the aging president intends to maneuver his son-in-law into becoming his successor in charge of the world

Pelé, then as now, was the catalyst between soccer and the American people; Havelange the autocrat blankly refused to speak Pele's name, or to discuss with his FIFA executive his reason for banning from the ceremony the greatest player the

We knew the reason. Pele had accused Teixeira of corruption, of accepting a million-dollar bribe to favor one television contract over another, and Teixeira was suing Pele in the Brazilian courts. So Havelange, having installed Teixeira on FIFA committees,

I do not see Pelè as a vengeful person, but I am reminded of the fate of the last Brazilian playing idol elevated to government. Zico, in many eyes the pretender to Pelè's playing mantle, became Sports Minister at the age of 36 in 1990. He did not last.

He brought to the post casual sportswear but a dedicated intent to clean up soccer's chaos and corruption in Brazii. And was brought down by Ricardo Teixeira.

7 ICO BELIEVED it was fundamental to push through con-ICO BELLEVED it was fundamental to push through congress a hill changing the voting procedure that perpetuates Teixeira's unpopular rule. Zico had progressive ideals, but be did not have political acumen, and before he could present his bill he was out, conveniently on his way to Japan to retreat into playing again for a brief, financially rewarding spell.

Pelé will not have that option. Should the politics of his new position prove as much a cul-de-sac as it did for Zico, he will have to build again on a clory that time thus far refuses to fade.

to huild again on a glory that time thus far refuses to fade.

Further, he enters poblics on a somewhat lower level than envisaged in 1989, when he said he would create a new left-wing party that would make him Brazil's president in the year 1994.

That was a pipe dream; how serious a politician, and bow much a figure head, Pelé will be now remains to be seen.

He has friends and admirers in high places. One, Nelson Mandela, has shown how much politics is the art of the possible. But South Africa is still awaiting the chance to host a soccer match between itself and the world champion Brazil. Pele might be able to arrange that, comenting the message of congratulation he sent to the former president, Frederik W. de Klerk, when apartheid was declared dead.

But politics at home is the crux. If Pele wants to influence events there, he will have to go down the route taken by Zico, tackling the fortress of influence that allows Teixeira to perpetuate his CBF reign by appearing 27 regional soccer overlords.

Having decidedly not been the soccer president's man last year, Pele is the new national president's man. The question is: For how

long? Rob Hughes is on the staff of The Times.

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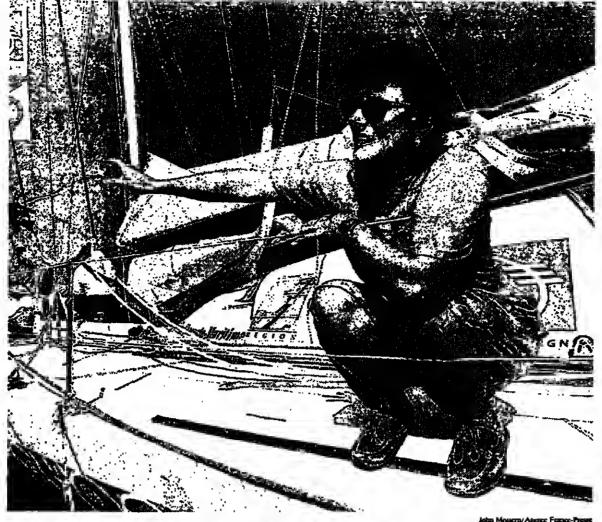
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Isabelle Autissier, aboard her yacht, the Ecureuil Poitou Charentes II, shortly before the start of the race. be sending a plane to search for her

BOC Sailor Autissier Sends SOS, Search **Being Mounted**

SYDNEY — The French yachtswoman Isabelle Autissier, sailing toward Australia on the second leg of the BOC 'Round the World Solo Challenge, had sent two emergency distress signals and rescue operations were being mounted, race organizers said Wednesday.

Antissier set off two emergency radio beacons at 0645 GMT on Wednesday, a BOC spokeswoman said. The race communications headquarters in Charleston, South Carolina, she added, had not been able to make contact with Autissier. Her yacht, the Ecureuil Poitou Charantes II, was thought to be about 920 nautical miles southsoutheast of the South Australian capital of Adelaide.

"It's obvious something terrible has happened as she is a very experienced sailor," said the BOC spokes woman, Kim McKay.

Autissier had said in a radio communication on Tuesday that the weather was extremely harsh and worsening, organizers said in a statement. It added that, according to preliminary information, Autissier vas still aboard her boat.

Australian rescue officials would

at first light on Thursday, because no other vessel was in the area, the statement said.

Autissier, 38, who is from the French port of La Rochelle, first sailed solo around the world in the last BOC Challenge, in 1990-91. She holds the record for the Flying Cloud yacht race from New York to San Francisco around Cape Horn,

gained early in 1994. She had built a record six-day lead in the first leg of this BOC race, which began in Charleston in mid-September and ended in Cape Town. She left Cape Town for Sydney on Nov. 26, but after a week at sea lost

her mast during a gale and sailed under jury rigging to a military base on the French Kerguelen Islands in the southern Indian Ocean. There she obtained a temporary mast from a cruising yacht. She had left Kerguelen on Dec. 16

after repairs, race beadquarters said. The New Zealand vacht Tasmania won the 50th annual Sydney-to-Hobart race, crossing the finish line just minutes abead of Brindabella, the Australian maxi-yacht. Tasmania, which on Tuesday had hit a whale, missed breaking the race record by about two bours.

(Reuters, AFP, AP)

The Money's Big but the Action Isn't in Japanese Horse Racing

Andrew Beyer, the horse racing columnist of The Washington Post, spent the past month traveling in the Far East.

> By Andrew Beyer Washington Past Service

TOKYO - Cold, drizzly December weather doesn't damp-en the enthusiasm of Japan's racing fans. More than 84,000 of them showed up at Nakayama Racecourse on the day of the Asahi Hai Sanasai Stakes for 2-year-olds, and they were standing 20-deep at the rail to cheer a son of Sunday Silence as he won the \$1 million event.

Last in a series

Betting on the card, most of it from off-track outlets, totaled an astonishing \$289 million. Statistically, Japanese racing

leads the world. Annual Wagering exceeds the combined total of the United States, Hong Kong, Britain, France and Australia. Japan offers the most purse money, too. But while there usually is a close correlation between purses and the quality of racing, Japan's thor-oughbreds never have been in the same class with those of the major racing nations.

In the 1960s and 1970s, the hapless Japanese entrant was invariably the last-place finisher in the Washington, D.C., International. Then the Japan Racing Association, the sport's governing body, made an effort to improve its horses by importing several good foreign stalions. As Japan has become a financial powerhouse, breeders have been able to buy more topclass thoroughbred stock, such as the Kentucky Derby winner

Sunday Silence. The improved quality of their when Japanese-bred Marvelous in England, greatly strengthen-

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equestrian role?

Crown beat America's turf champion, Paradise Creek, in the Japan Cup, the world's richest horse race.

Still, the quality of racing in Japan is not nearly what it could be, in view of the industry's financial strength. And the reason is that the industry systemically excludes foreigners and other outsiders who could contribute to the sport.

There is no racing body in the world with the ail-encompassing powers of the Japan Racing Association: It operates the country's major tracks and offtrack betting outlets, oversees the breeding industry and licenses owners, trainers and jockeys. It decides who gets to play the game.

Because Japanese thoroughbreds are inferior to those in Europe and America, foreign horses presumably could come here and win most of the purse money if they were allowed. Therefore, only the Japan Cup and one other race are open to horses that have raced abroad. If a Japanese owner buys a yearling overseas, that horse is cligible for only about half the races in the country.

"The biggest reason for this is to protect the weak or small breeder—just as we protect the rice product," said Shuji Inada, an executive of the Japan Association for International Horse Racing. Those breeders are an effective pressure group, he said, and the Japan Racing Association, as a semi-governmental organization, listens to their concerns.

But what if a foreign owner wished to play by the local rules? This is common around the world: Japanese owners breed horses in Kentucky, and the Maktoum brothers of Duhorses was apparent last month bai have established stud farms

ing that country's breeding industry. But it can't happen in Japan, where the association licenses owners and never has granted a license to a foreigner, even if his presence could bene-

fit the industry. "Sheikh Maktoum is so rich where relish exotic wagers and

The Japan Racing Association never has granted a license to a foreigner, even if his presence could benefit the industry.

he might monopolize the the large payoffs they produce, sport," Inada said.

The association also is very selective about the Japanese it licenses to own horses. "An owner must be a man of face and character," Inada said, "and rich enough to race borses."

Japan's tracks until recently offered only win and place bet-

Club and their peers.

In races with more than eight

ing industry would be if horse that borse in the first place.) ownership were limited to The association's rationale is members of the snooty Jockey that it prefers conservative, low-paying wagers so that fans The association's conserva- neither win nor lose too much.

tism touches its fans, too. Al-The tracks here finally introthough borseplayers every- duced a standard quinella, and bettors relished it, an indication that they want more exotic wagers, Any entrepreneurial track owner would give customers exactas, trifectas and pick sixes, but not the association: The

The tame betting format isn't the only drawback Japanese horseplayers face. The takeout from all wagers here is an onerting, plus a ridiculous wager ous 25 percent, compared with called the bracket quinella—a roughly 20 percent in the Unitquinella with only eight betting ed States and 17.5 percent in Hong Kong.

quinella is as exotic as it wants

But playing the horses in Jahorses, the excess is coupled, or pan has some advantages, too. If he is not rich enough, the "bracketed" as a single betting Handicappers here have access and the undentable success of association maintains, he might unit. (If one of the two bracket- to a vast amount of informa- Japanese racing, it is hard for a

tracks weigh all their horses before every race, allowing bettors to ponder the significance in fluctuations of an animal's size.

The many racing newspapers routinely interview trainers and grooms before each race, soliciting information about the animal's physical condition. ("Do trainers really tell the truth?" I asked a journalist. "No, of course not," he said.)

The racetrack facilities here are excellent—"the best in the world," Inada said, Nakayama is big and comfortable enough to handle crowds of more than 100,000, and it operates with typical Japanese efficiency. To speed the lines at the windows, the tracks here have automated cashiers; insert your winning ticket in a slot, and a machine dispenses your yen.

But despite the many virtues be tempted to engage in larceny. One could only imagine
how ossified the American rac
ed horses was scratched, a bettor was stuck with the one that
precisely and reported in the
that the sport here is not nearly
was left, even if he never wanted
press in great detail. Japanese

sapanese racing, it is nated for a
visitor to escape the conclusion
that the sport here is not nearly
as good as it could be.

SIDELINES

Senna Court Hearing Postponed

ROME (AFP) — A court hearing into the cause of the death of three-time Formula One champion Ayrton Senna has been post-poned until January, a court official in Bologna, where the hearing will be held, said Wednesday.

The official said investigators had yet to complete their findings. The Brazilian driver was killed when be crashed head-on into

a concrete barrier at the San Marino Grand Prix on May 1. In Milan, Alessandro Benetton denied reports that his Formula One team would try to sign Nigel Mansell to drive with 1994 champion Michael Schumacher next season.

(AP)

Men's Downhill Race Rescheduled

GENEVA (Reuters) - A men's World Cup downhill, scheduled for Crans Montana, Switzerland, on Jan. 6 but called off because of poor snow conditions, will now be raced at the Swiss resort of Wengen on Jan. 20. It will precede the classic Lauberborn downhill and slalom, on Jan. 21 and 22.

Flachan, Austria, will stage men's and women's super-giant slaloms Jan. 10, taking over races called off in Austria and France.

For the Record

Mexico, host of World Cups in 1970 and 1986, has joined Japan and South Korea in bidding for the 2002 finals. (Reuters)

Sterling Sharpe, the Pro Bowl receiver of the Green Bay Packers, will miss the NFL playoffs because of a career-threaten-

ing neck injury, the team said. (AP)

Dennis Erickson, rumored to be leaving the University of
Miami to coach the NFL's Scattle Scahawks, said he was not

interested in the job.

No. 15 Utah beat 14th-ranked Arizona, 16-13, in the Freedom
Bowl when quarterback Mike McCoy threw a five-yard touchdown pass to Kevin Dyson with 3:34 left to play.

(AP)

Fed Cup Opponents Drawn

WHITE PLAINS, New York - Spain, the top seed and defending champion, will play Bulgaria in the first round of the Fed Cup next spring while the second-seed United States drew Austria, Germany was pitted against Japan and France drew South Africa.

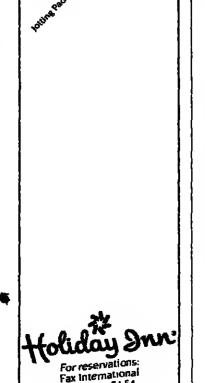
The women's equivalent of the Davis Cup, formerly known as the Federation Cup, is going by a new name and a streamlined format. The name was shortened for marketing purposes, the new format consists of a World Group of eight nations competing on a home-and-away basis, culminating in a November final.

Each will be a best-of-5-matches series, with two singles the first day and two singles and a doubles the second day.

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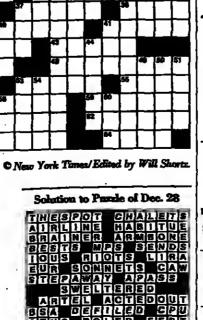
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Last Mail Call for '94

I keep reading about Orange County going bankrupt because it invested in too many derivatives. What is a derivative and do you need a doctor's prescription to get one? Sincerely,

John Heffley

Dear John: A derivative is neither good medicine nor bad medicine. It

actually looks like a poker chip. People use it to bet their school funds, their hospital bonds and their water treatment

plants. The speculators put all their chips oo red or black - on red that interest rates will go down; Buchwald

on black that they will go up. Depending on where the little white ball lands, your county can either afford to build a dozen new prisons or it can go belly up and lose everything, including the new football stadium that it had set its heart on.

Orange County bet that the interest rates would go down. Alan Greenspan double-crossed them by raising the rates. If California wants to blame anyone it can blame Greenspan. Orange County is oow demanding a special prosecutor to find out why Greenspan cost them all that money.

Dear Mr. B: My mother says that Bill Clin-

\$150 Million for Prado

Agence France-Presse MADRID - The Spanish government announced that it was budgeting 20 billion pesetas, or \$150 million, for renovation of the Prado Museum.

WASHINGTON — I am ton is president of the United States. My father says that it's Newt Gingrich. My Uncle Harry in 1994. I hope that I can do it.

Please clarify this for me Please clarify this for me.

Perplexed in Idaho, Joanne Libby

All of them are right. Clinton has the title, Gingrich has the power, and Carter refuses to accept the fact that he is no longer

charge of foreign affairs. The country is fortunate to have three such able people in the same boat rowing toward the shore. The fact is they admire their commander in chief tremendously. Clinton says, "No matter what they say, I am the president."

Newt says, "No matter what they say, I appear on 'Meet the Press' more than Clinton."

And Carter says, "Clinton may be president in the United States but if the Serbs want peace they still have to deal with

I was reading the local paper the other day and there was no story on O.J. Sampson. Who goofed?

Your fan, Leighton Rudolph

Dear Leighton: The publishers are still trying to find the culprit. They are investigating whether the omission was accidental or a deliberate attempt by Rupert Murdoch to sabotage the paper's circulation. We have a saying in the newspaper business. "You can take O.J. out of the paper, but you can't take the paper out of O.J."

Dear Sir: I read in the Enquirer that Princess Diana was dating Webb Hubbell, the former No. 3 man at the Justice Department. Any

Anna Harding Pedersen

Absolutely not. The numor started because Prince Charles is now dating Janet Reno.

Champagne: More to It Than the Bubbles

dry in French, can contain as much as 3.5 percent

sugar; demi-sec, up to 5 percent, and doux, which

means sweet, contains 5 percent sugar or more.

and almost as many cooperatives in the Champagne

region, 90 miles (145 kilometers) east of Paris. Most

of them are proud of their particular style of Cham-

pagne. Since most Champagne is nonvintage - a

blend from several, or many, vintages - each house

can blend and reblend to achieve and maintain its

Broadly, Champagnes range in style from light to full. Lanson is particularly light styled, Perrier Jouet is light to medium. Most et Chandon is medium.

Unfortunately, Americans rarely get a chance to compare styles. They drink it too infrequently to be

able to distinguish one from another, and even for

the serious amateur, comparative tastings are as rare

The celebratory nature of Champagne drinking in

America is evident. Americans boy and presumably

consume more of it in the fourth quarter of the year than in the other three combined, almost 4 million

cases this year, according to industry predictions.

Most of it is sold between Thanksgiving and New

Year's Eve. This is a good time of year to buy. It's a

Krug and Bollinger are full-bodied.

as they are expensive.

Andorra Pas de le Case

There are well over 100 Champagne companies

By Frank J. Prial New York Times Service

NEW YORK — Americans, we are told, drink Champagne only on holidays and special occasions, while Europeans drink it all year. Perhaps the Europeans are just better at dreaming up special occasions.

There is a fellow in England who never invites a friend into his wine cellar without bringing along a bottle of Krug. I know a chap in France who would oot think of visiting his father's grave, which he does often, without taking along a bottle of Pol Roger.

Certainly the custom of opening a bottle of Champagne when guests arrive, expected or otherwise, is far more prevalent in the Old World than it is here. Even at home, Europeans place more importance than Americans do on ceremony and ritual. Or do they just look for excuses to drink Champagne?

It is said that Americans will drink anything that's cold, fizzy and sweet, and a long line of successful drinks — cold duck, Lambrusco, wine coolers and white zinfandel - attests to that. So do the inexpensive sparkling wines that sell well: domestic versions and a host of imports like German sekt and Italy's Asti Spumante.

Champagne, the genuine French product, is another matter. The mark of a good Champagne is its pronounced acidity, and it takes time to get used to that. Some people never do.

In their long years of slavish Francophilia, which included most of the 19th century, the Russian upper classes consumed oceans of Champagne. Many famous houses, Clicquot-Ponsardin among them, made fortunes in the Russian market.

But the Champagne the Russians loved and drank was, by modern standards, almost sickeningly sweet. During the Soviet years, the Russian people continued to consume enormous quantities of "champagne," most of it made in Soviet Georgia and Ukraine, with imports from Hungary and other Soviet satellites. This, too, was heavily sweetened.

In the 1970s, Pepsico agreed to market Russian champagne in the West in exchange for access to the Soviet Union for its own product. Western consultants who encouraged the Soviet wine makers to cut down on the sweetness said the makers at first

couldn't believe that anyone would drink it dry. Their hearts apparently were not in it; Pepsico's Russian product—called Nazdorovya, a corruption of the Russian toast "na zdorovye" ("to your health") - staggered on and then all but disappeared from the market in the West.

Most of the major French producers continue to make some sweet Champagne, but the Champagne most of us drink is called brut, which means it contains no more than 1.5 percent sugar. Most brut Champagnes contain even less, about 1 percent. Extra dry, which is popular in the United States,



competitive business and prices are relatively low can contain up to 2 percent sugar. Sec, which means It's a good time to stock up, but not necessarily for

the long haul. Champagne is ready to be drunk when it's sold. Freshness and vivacity are two of its principle assets and they tend to diminish with time. Well-meaning fathers who put away Champagne for a daughter's wedding 20 years hence are doing themselves and their daughters no favor. A case of red Bordeaux or California cabernet from the

bride's birth year will be appreciated more. It has long been acceptable, even in this sparklingwine-producing country, to parrot the French line about there being no substitute for genuine French Champagne. It's still true for the best Champagnes, but on a more commercial level in the United States, some California sparkling wines are providing stiff

competition for the French product. If there is any lingering guilt about preferring an import, think about Otto von Bismarck.

There is a story that Kaiser Wilhelm II invited the chancellor to dinner and served him sekt, German sparkling wine. Bismarck took a sip and put down his glass. Apologizing, he said, "I cannot drink

German champagne. The kaiser remarked that he had served the wine as a patriotic gesture.

"Your Majesty," Bismarck is said to have replied, "my patriotism stops at my stomach."

WEEKEND SKI REPORT

PEOPLE

George Burns Colls Off 99th, Waits for 100th

George Burns has canceled his 99th birthday show at Las Vegas's Caesars Palace on Jan. 20 because he is still recovering from surgery in September to drain fluid from his brain after a fall in his bathtub. "He's O.K. We're not going to play Caesars, but hopefully he's going to do his 100th birthday, Irving Fine, his manager, said. The veteran comedian is well enough to play cards daily at his club, Fine said.

A two-for-one deal is available for spouses at Donald Trump's Mar-a-Lago Club in Palm Beach, Florida, although Prince Charles and Princess Diana are not taking advantage of the offer. Instead, they have signed up for separate member-ships at \$50,000 each. Applications also have been received from Steven Spielberg, Arnold Schwarzenegger and Elizabeth Taylor. The club is expected to open in mid-January at the 58bedroom estate built by the coreal heiress Marjorie Merriweather Post in 1926. Trump bought it from the Post estate for \$10 million in 1985.

Jeffrey Archer, best-selling author and former member of Parliament and Conservative Party chairman, and his wife, Mary, were slightly hart, when their car plummeted down a highway embankment northwest of London. Their two sons were unburt.

□. A London man bit into a: hamburger and found a diamond, The Sun newspaper said. Oskar Keysell, 31, also found a gold earning stud in the ham-burger at a McDonald's. Keysell said he gave the manager the gold stud and was given a free hamburger. He kept the di-amond and took it to a jeweler, who valued it at £1,000

WEATHER

North America New York, Washington, D.C., and Toronto will have dry weather Friday. There is e chance of rain Saturday in Washington, O.C., rain or snow in New York, and snow in Toronto Sunday will be colder and dry. except for 11/52 1 3/37 r 7/44 r 4/39 sh -6/22 km

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Forecast for Friday through Sunday, as provided by Accu-Weather,

Europe
London will be windy and chilly Friday with showers of rain gand wet snow. The, weather over the weekend, long with showers the construction of the weekend of the will settle down over the weekend. Dry weather is expected Friday with a few showers, then with a few showers, then dry over the weekend with the change of the weekend of the weeken

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Val Thorens

Depth Mtn. Res. Snow Last L U Pistes Pietes State Snow Var 22/12 Resort 90% poem Var 22/12 Open runs reasonably good

Austria 15 75 Fair Open Var 22/12 34 lifts open, upper runs good
20 30 Fair Open Ver 22/12 Snow getting feerly
25 55 Fair Open Var 22/12 Worm paiches on well used runs
26 90 Fair Open Hoy 26/12 28 lifts open, good above 1900m ischgi Kitzbuhei 120 265 Good Open Pwdr 26/12 21/26 hts open, excellent sking Art Hwy 27/12 27/82 little open, 16 pistes sklable

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Hvy 22/12 9/27 lifts, upper runs still decent Var 28/12 18/27 lifts open, good skiing Var 20/12 30. 40 lefts open, reasonable Var 27/12 19 lefts, 30cm of snow at 1700m

30 30 Felir Open Var 27/12 All Hits open, 70km cross country

Baquiers-Beret 70 100 Good Open Var 22/12 Good skiing, most litts open Cled Cled Cled Cled Cled

Wet 26/12 13/23 litts, wet snow, mild Var 27/12 17/40 litts, tresh above 2000m Var 20/12 62/36 litts, wet below 1900m Hay 21/12 8/12 litts apen, rain-weited snow var 20/12 Snow telling on upper slopes Var 20/12 Good skiling aveillable Var 27/12 29/39 litts, fresh above 2000m Hay 21/12 17/25 litts open, generally good St.Moritz Verbier Wom

75 80 Feir Open 60 90 Fair Open 210 240 Good Open 90 110 Good Open 90 95 Good Open Open Pckd 15/12 All 8 lifts open Open Pckd 20/12 All 17 lifts open Open Ver 25/12 All 30 lifts open Open Pckd 18/12 All 20 lifts open

Key. L.U Depth in cm on lower and upper slopes. Mar

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